

Iran's Ballistic Missiles: Capabilities, Intentions, and the Evolving Threat
A conversation with Michael Eisenstadt, Valerie Lincy, and Behnam Ben Taleblu,
moderated by Josh Lederman

SCHANZER: Good afternoon, everyone. Thank you for being here today, for this timely event on Iran's ballistic missiles. Also, a very warm welcome to those tuning in via livestream. Today in the audience, we are honored to have members of the U.S. Government, the Foreign Diplomatic Corps, congressional staff, the press, and other analysts and researchers from around Washington. My name is Jonathan Schanzer. I'm Senior Vice President here at Foundation for Defensive Democracies, which is a leading non-partisan national security policy institute here in Washington.

FDD, as many of you know, has been tracking closely the issue of ballistic missiles, making sure that analysts and policy makers are aware of the Iranian strategy, intentions, and capabilities when it comes to the missile portfolio. FDD was ringing the bell, both before and after the interim nuclear deal that Iran's ballistic missiles must be dealt with in the final status negotiations in the JCPOA, but for several years now, there has been stasis in the discussion of Iran's ballistic missiles. Stasis, even in the face of change.

Iran continues to advance its missile program, despite countless designations. Iranian political, military, and religious officials, much like they did over enrichment, publicly claim that they will not negotiate over their missile power. In the face of stringent UN Security Council resolutions, like UNSCR 1929, and weaker, but still important, resolutions like 2231, Iran has been defiant.

It continues ballistic missile flight-testing and even transfers these destabilizing weapons to conflict zones in the Middle East. According to multiple U.S. directors of national intelligence, the Islamic Republic is home to the largest ballistic missile arsenal in the entire Middle East. This arsenal was excluded from negotiations that led to the JCPOA in July 2015, and we continue to live in a world made by that mistake.

According to research by FDD's Behnam Ben Taleblu, our newly minted research fellow, Iran has launched as many as 23 ballistic missiles since concluding that accord. Behnam continues to be an important voice in Washington on the Iranian ballistic missile threat, and he is joined today by two leading experts, Valerie Lincy and Michael Eisenstadt, who bring valuable insight to this issue as well.

Today we are coming together at FDD to address the challenge posed by Iran's ballistic missiles to the United States and international policy. Our experts will explore the history of this program, the fears of Iran's neighbors, the nexus between Iran's nuclear and missile programs, and of course, the centrality of the missile issue to talks that aim to fix the JCPOA nuclear deal.

A quick housekeeping item before we get started, please make sure your phones are either off or are in buzz mode. And with that, without further ado, I want to introduce our esteemed moderator for today's event, Josh Lederman of the Associated Press. Thank you all for being with us, and Josh, over to you.

LEDERMAN: Well, thanks a lot, and thank you all for coming to join us today. Thanks for our guest speakers for getting this event together. We didn't know just how relevant it would be to the international debate that's playing out just as we sit here today. As most of you are aware, the President has set up a May 12th deadline, in line with his next deadline, to decide whether to re-impose sanctions, or to extend sanctions, waivers, to try to broker some type of agreement with some of our European allies on adding some new restrictions on Iran, and one of those key areas is the ballistic missile program.

If there is no deal, and it appears at this moment that it is very unlikely there will be, the President says he will pull out of the deal. And one of the key disagreements in those discussions between the U.S. and some of the Europeans has been, just what range of ballistic missiles should be included, what kind of penalties should be imposed on those in response to production or transfer of those missiles, and how. And the issue, more broadly, is both one that's technically complicated, but also an emotional one for several reasons.

It's one that particularly threatens close U.S. allies, Israel, Saudi Arabia, as well as our allies slightly further away in Europe. But it also gets to the core of the rigorous debate that Jonathan was discussing, that has played out over the last few years about whether President Obama made us safer or less safe by agreeing to this nuclear deal that did not include ballistic missiles.

Critics of the deal, including some that you'll hear from today, and some of their colleagues have made the argument that it's a bad deal because it doesn't touch ballistic missiles, did not attempt to do that. Those of course who negotiated that deal say that that's the whole point, that had they tried to achieve a deal that included issues beyond the narrow scope of enrichment and processing, that they would have never have gotten anything and Iran would be closer to possessing nuclear warheads.

The issue we're talking about today has been punctuated, just in the last few hours, by some events in the Middle East with the Saudis saying that they've intercepted a missile that was launched at Riyadh by the Iran-backed Houthi rebels in Yemen. The Saudis said they intercepted that missile, but we know in the past, several other missiles that they've said they've intercepted, it looked afterwards like they weren't able to successfully intercept, which sort of just speaks to the urgency and the risk of what we're discussing here today.

So with that, I'll introduce the esteemed experts who are joining us today to discuss this. Michael Eisenstadt is the Kahn Fellow and Director of the Washington Institute's Military and Security Studies Program. He's a specialist in the Persian Gulf and Arab-Israeli security affairs, and Michael's published widely on irregular and conventional warfare and nuclear weapons proliferation in the Middle East.

Valerie Lincy is the Executive Director of the Wisconsin Project on Nuclear Arms Control. She leads the organization's research on weapons of mass destruction, supply networks, which governments use to support sanctions and counter-proliferation actions. She's also a recognized expert on Iran's nuclear and missile programs and global efforts to counter those programs.

Behnam Ben Taleblu is the Research Fellow here at FDD. He focuses on Iranian security and political issues. He's a native Farsi speaker, closely tracks a wide range of Iran-related topics, including nuclear non-proliferation, ballistic missiles, sanctions, the IRGC, the Iran Revolutionary Guard Corps, the Islamic Republic's foreign and security policy, and internal Iranian politics.

And with that, why don't we actually start with you, Behnam? I was hoping that you could give us a little bit of a ballistic missiles 101. What exactly is a ballistic missile? How does it differentiated from other types of missiles? When did Iran, in particular, start developing ballistic missiles and why? And what's the status of their program now? For instance, do they have the capability, do they have missiles that could hit here in the United States?

TALEBLU: Sure. Thank you very much, Josh, for that kind introduction, and to Jon as well, and to my co-panelists, Valerie and Mike, and to you guys for coming out today and sticking with this event even though it was snowed out the first time. Thank you very much. A quick ballistic missiles 101. The first thing I'm going to do is plug Mike's great piece on ballistic missiles that has a primer on missiles, missile defense, the difference between solid versus liquid fuels.

But, suffice to say, there's rockets, which are unguided missiles, which guided ballistic missiles follow ballistic trajectory, versus cruise, which fly parallel to the surface of the earth. We can get into different types of guidance systems, GPS, inertial, but suffice to say that Iran has, as Jon said, the region's largest ballistic missile arsenal. So, this is a quantitatively robust arsenal, and the threat that we're now facing from this country is, how are they looking to qualitatively improve this quantitatively robust arsenal?

So much like a lot of weapons systems in Iran, the origins of Iran's ballistic missile program actually trace its roots to the late Shah's interest in rocketry, but the real incubation period for the Iran ballistic missile threat, is the 1980-1988 Iran-Iraq war. This is not a cliché. You know Iran's security planners style that war the Holy Defense or the Sacred Defense. It's in the mid-to-late portion of this war that Iran procured scuds, particularly the Scud-B from Libya, Syria, and North Korea.

They got assistance from Syria's missile command on how to launch these missiles, fire them from tells, move them, and select targets in Baghdad. They were responding, in kind, to Saddam's War of the Cities, you may have heard about this. Then, the relationship that Iran cemented with the revolution, the procurement of scuds from North Korea, really kicked up after the Iran-Iraq war, when Iran continued ties with Pyongyang, and actually procured a missile called the No-dong-A. This is another liquid-fueled, medium range ballistic missile that is capable of carrying a nuclear warhead.

Throughout the '90s, Iran got pretty good Russian and Chinese assistance on its Ballistic Missile Program, as well as some of its other shorter range rockets. The No-dong-A became Iran's infamous Shahab-3. Shahab is 'meteor' in Persian. These missiles were designed to fly and fall on cities like meteors, basically serving as a counter-value weapon. And then that weapon, over time, has been refined, the airframe has been lightened, it's been lengthened. That

become the basis for Iran's Ghadr-1, which became the basis for multiple satellite launch vehicle technology.

There's a great report on this in 2010 by another missile expert in Washington, Mike Elleman, you can read all about it. But then Iran began to develop other kinds of medium range ballistic missile using the Ghadr body to allegedly mount it with a warhead that has finlets. That was first tested in October 2015, called the Emad. The finlets allegedly aid in making sure that the warhead can maneuver all the way up until impact with target. Iran does not have an ICBM to date, but it has a robust satellite launch vehicle program, which uses a two stage liquid-fueled missile called the Simorgh.

There is great similarities and apparently a few differences with Iran and North Korea's SLV systems, but Iran has been, basically, out of those three countries that helped it start up its ballistic missile program, it has gotten rid of Syrian support. It has gotten rid of Libyan support, but it has continued this relationship with North Korea. So as Iran is looking to improve its ballistic missile program, I think that foreign relationship will be quite important.

LEDERMAN: Great. Valerie, I'm wondering if you can help describe the linkage between the ballistic missile issue and the nuclear weapons issue. The fact that a missile is nuclear capable does not necessarily mean that, at any given moment, it is nuclear armed. So if the world was able to successfully prevent Iran from obtaining nuclear warheads, would that essentially solve the ballistic missile issue? Perhaps the other way to put it is should the ballistic missile issue be included in the JCPOA in agreements to deal with the nuclear issue?

LINCY: Sure. The answer is yes. Ballistic missiles, or let's say nuclear weapons, are a nuclear warhead on a ballistic missile. Definitionally, that's a nuclear weapon. So I think when you think about a nuclear program, you have to imagine both missiles and nuclear warheads together. Historically, countries that develop nuclear warheads have active ballistic missile programs.

Ballistic missiles are really the delivery vehicle of choice for nuclear warheads. So if we're trying to assess, what does Iran's commitment to ballistic missiles say about Iranian nuclear weapon intentions, we have to think about that historical context. We have to imagine that Iran likely is like any other country. If it decides to build nuclear warheads, it would decide to deliver them using ballistic missiles.

I think it's also important to look at the past, past connections between Iran's nuclear work and its missile work. We know, for instance, that Iran had an active secret program to make fissile material, nuclear weapon fuel. We know that Iran had an active secret program to make warhead components, components for an implosion device, we know that Iran—part of that work included integrating that kind of a payload to a ballistic missile.

So this was that International Atomic Energy Agency's investigation into the so-called PMD, possible military dimensions, to Iran's nuclear program. So sort of in general, historically and in the past, in Iran specifically, nuclear weapon programs involve ballistic missiles, so you really have to look at them together.

Now, Iran's continued commitment to ballistic missiles and its plans in the future to have large-scale ability to produce fissile material, I mean, again, if you look at those two things together, you're led to question an assumption that Iran doesn't still have nuclear weapon ambitions. For those reasons, obviously, I think it was wrong not to include ballistic missiles in the JCPOA, in the sense that the JCPOA was intended to block Iran's pathway to nuclear weapons. And to me, ballistic missiles is on that pathway.

LEDERMAN: Michael, I was wondering if you could tell us about the centrality of the ballistic missiles within Iran's broader missile development and weapons capabilities in general. Is this essentially the threat? Are there other types of Iranian missiles that we should be concerned about? How do we assess the relative risk posed by those different types of programs?

EISENSTADT: Yeah. Right now, ballistic missiles are kind of the cornerstone of Iran's strategic deterrent war fighting capability. They also have cruise missile programs, and I'll get to that in a little bit, in a moment. They have two systems that they're working on, Ya-Ali and Soumar. It's not clear that they're deployed though, at this point. But they pose a different type of challenge because, as Behnam said before, they basically use aerodynamic kind of principles to basically hug the earth. For that reason, they might be harder to intercept than ballistic missiles that have a higher arc of travel.

But pulling back and looking at the role of missiles in Iran's way of war, their missiles really are central to the way Iran thinks about deterrence in war fighting. There are three elements, or what I say, Iran has a deterrence war fighting triad, which consists of three elements: their ability to disrupt traffic through the Strait of Hormuz, use of proxies for terrorism and subversion, and long-range strike capabilities. And missiles are central to all of these.

Missiles, of course, are the main component of their long-range strike capability, missiles and rockets. Missiles are also important for their proxies, and for their proxies' way of war. So, whether you're talking about Hezbollah in Lebanon, Hamas, which is not really a proxy but kind of a partner whose relationship with Iran has waxed and waned, and likewise with the Houthis, they've provided missile and rocket capabilities to all three for them to use on their own, and also to use to advance Iranian interests.

So, missiles and rockets are critical for their proxies, and likewise for their efforts to disrupt traffic through the Strait of Hormuz. That relies mainly on mines, submarines, small attack craft, but also increasingly, missiles. They're developing missiles, and I think this is aspirational and this is a long-term capability they're trying to acquire, which they don't have yet, but the ability to, for instance, target American carrier strike groups with missiles, just like the Chinese are trying to do in their part of the world.

So, again, this is more an aspirational capability, but all three elements of their deterrence war fighting triad have advantages and drawbacks. And in some ways, they kind of balance off, or compensate for the weaknesses of the other. For instance, while the threat to disrupt traffic through the Strait of Hormuz has tremendous psychological impact, this is something that Iran really can't do, except this is their Samson Option, really, because they wouldn't do it except in extremis.

Because, basically, almost all their oil gets exported through the Strait of Hormuz, and like 90% of the imports come through the Strait of Hormuz, so they don't want to close it if they don't have to. So it's a good threat for scaring, getting the international community, getting their attention and intimidating others, but it's not something which is really a viable option.

Now, their ability to conduct terrorism on their own and through proxies is something also which has great psychological value, but we've seen since 9/11, the capabilities of the United States and its allies to disrupt terrorist plots has improved dramatically. There have been a number of attempted Iranian terrorist actions which have failed, and been disrupted, A, because of these improved capabilities, and also, I think, Iranian capabilities in this area have atrophied.

So they don't know if in war time they can rely on terrorism to, in the context of a war, to strike back at their enemies. And it might be that the initial terrorist attacks get through, but then once the initial, you know, the first or second get through, security gets tightened dramatically around the world, and it might be harder for them to act. So, missiles can compensate for that. Because of their missile capabilities, they have the ability to strike at great range, at least in the Middle East. They don't have the ability to strike outside the region yet.

Let me just say, also, that it's also part of their strategy of encirclement. What they're trying to do, vis-a-vis their main enemies, Israel and Saudi Arabia, and the Emirates now. Just as they feared encirclement in the past from the United States, they are now trying to encircle America's main allies in the region. In Israel, you have Hezbollah to the North, armed by Iran, largely, to a great extent with missiles; Hamas, developing a rocket capability thanks to Iran; Hezbollah and Iran trying to create a front in the Golan, which will probably have a missile component.

Then, we're seeing now with the Saudis and the Emiratis, have to deal with the possible—not the possible threat—the actual use of missiles by the Houthis from Yemen. So this is part of also their strategy of encirclement, vis-a-vis America's allies in the region. Then finally, I'll just say that missiles are very much important, and are very much a part of Iran's approach to psychological warfare. For them, psychological warfare plays a central element in their use of instruments of national power, much more than for us.

They believe that this psychological dimension often is the decisive line of operation for them, and a lot of what they do in the military domain is to demoralize and undermine the confidence of their enemies. So they do lots of military parades with missiles and, you know, what's a parade without a missile in Tehran? And at all these parades they always have banners, you know, "Death to America," "Israel should be wiped off the map." So again, this is part of their psychological warfare, and it's very important.

Plus, on a subliminal level, because they've signed this, kind of nuclear accord, they can't talk about their latent or perhaps future nuclear capability. But when people see missiles, I think on a subliminal level, they see the missiles and they think nuclear weapons, so it achieves—It's kind of a surrogate for their WMD capabilities that they may have or aspire to have, that they can't talk about.

LEDERMAN: Just very quickly, do you see a bigger threat from Iran's own use, deployment launch of missiles, or from the, potential use by its proxies and affiliated groups?

EISENSTADT: Well, actually, for instance, take Israel. Actually, the threat to Israel from Hezbollah is much greater than it is from Iran, simply because Hezbollah can provide, by the Israeli estimates, between 100,000-150,000 rockets and missiles. Most of these are rockets, most of these are artillery rocket systems like Katyushas and the like, but with that kind of mass, in addition to the high-end, accurate high-end systems that they're getting from Iran, they could really—And let me just say accuracy with missiles, accuracy is a function of range, and Hezbollah's a lot closer to Israel than Iran right now, at least with the currently deployed systems, that's the way it is.

So Hezbollah actually provides a greater threat to Israel than Iran, because they have mass in numbers, and they are increasingly having accuracy, and they'll be able to probably overwhelm Israeli defenses. Iran has, still, a large number of missiles, but they're still fewer in number than, much fewer in number than, Hezbollah has. So right now, in many ways, Hezbollah is a greater missile and rocket threat, thanks to Iran, to Israel, than Iran is. Iran is more manageable, but still, even Iran has missiles in numbers that would saturate, probably, or really challenge, Israeli defenses.

LEDERMAN: Behnam, one of the arguments in favor of the nuclear deal was that this would help bring Iran slightly more into the international fold, reduce some of these tensions, and decrease the incentive, or the need, for Iran to really be belligerent with other countries. Since that deal was adopted, has Iran slowed down its production and development of ballistic missiles? Has it increased or how has that—and its launch of them and testing, how has that worked out?

TALEBLU: That's actually a great question, Josh, and that really tests the heart of the proposition of the impetus for the nuclear deal to begin with. If you think that you can, first of all, stovepipe or silo one element of the Iran threat that is driven by multiple other factors and is buoyed by other factors in Iran's security policy, that is an assumption. That is not a fact. That was an assumption that was driving the nuclear deal, that you can take the nuclear threat out of the broader Iran regional threat.

Remember, the U.S. did not have a nuclear issue with Iran in 1983 and 1984 when it launched upon Operation Staunch to prevent Iran from getting conventional weapons from abroad. It did not have a nuclear issue with Iran, per se, in the early '90s when it passed the Iran-Iraq Arms Non-Proliferation Act. So there are multiple levels of the Iran threat here, so regionally and functionally, I would say the threat posed by the Islamic Republic of Iran has actually grown after the inking of the July 2015 nuclear deal, and it has particularly grown in the missile domain.

So unfortunately, there is no official USG number for the number of post-JCPOA ballistic missile flight tests. So what we've done at FDD is kind of combed through the Persian and English language material, the reporting on this, and say, "Okay, is there a report on XYZ flight test from this date to this date?" And we found 23 flight tests and operations by Iran, which

include short-range ballistic missiles, medium-range ballistic missiles, if you count one intermediate-range ballistic missiles, North Korean gift to Iran, and satellite/space launch vehicles.

We exclude anti-ship ballistic missiles, we exclude rockets, and we've divided this out in a nice table for you, out there in the back. But the problem is, that number is 23 post-deal flight tests. If that proposition that Josh mentioned that was driving the impetus for the nuclear deal was true, that number should have been zero.

LEDERMAN: Valerie, the Iranians have a relatively compelling argument that they actually need these missiles for their own legitimate self-defense purposes. Behnam mentioned the Iran-Iraq war. The Iranians cite this frequently as a key example of that. They don't have any powerful air force to speak of, they have a lot of enemies in the region, who could ostensibly try to do something there.

We have a new National Security Advisor in the United States who's advocated regime change in Iran, and most importantly, perhaps, when we speak to European officials from France, from Germany, from Britain, who are engaged in trying to negotiate this add-on to deal with ballistic missiles, they say that they're compelled by that Iranian argument and that they're not really in a position to impose something that eliminates Iran's ability to defend itself against legitimate threats. So, is it fair for the United States, which has a massive arsenal of ballistic missiles, to tell a less powerful country that it can't have that measure of self-defense?

LINCY: Well, phrased that way, it's hard to say yes, it's fair, but I think that there's—I guess I would interpret the European response on the missiles a bit differently than you did. I think that there's an acknowledgment of some, and Mike alluded to this, of some sort of, and Behnam as well, some need for ballistic missiles, or let's say, reliance on ballistic missiles, for a host of reasons having nothing to do with nuclear weapons.

That being said, there's a lot of what Iran is doing in the ballistic missile field that has a direct relevance for nuclear weapons. I would go back to my earlier comment about the interconnected nature of some of the ballistic missile-related work and the nuclear work in the past, showing the real tie between those two programs. So, I think when we look at, what are we looking to restrict in Iran in terms of ballistic missiles, and what would, for instance, our European partners within the JCPOA support in terms of a restriction? I think there is room. I think there is room there.

There may be a difference in perception on the nature, let's say the immediate nature, of the missile threat posed by Iran. It may be that the Europeans see a need to address the regional destabilization activities of Iran and Syria and elsewhere, the missile transfers to Yemen and elsewhere, as a greater priority than, let's say, a future ICBM capability in Iran. And it may be that because of that, they don't see a modification or fix to the JCPOA as the best way to deal with that, let's say more imminent, threat. But I don't think that that means the Europeans don't acknowledge that, number one, there is a part of the ballistic missile program that is related to nuclear weapons, and that part of the ballistic missile program should be contained or constrained in some way.

I also think that the Europeans could legitimately do more on sanctions, as we have argued in a couple of our own reports. There is an existing regulation. There are Iranian entities connected to the ballistic missile program that are sanctioned under that regulation, EU regulation. More entities could be sanctioned in that same way. I think the fact that the regulation still exists indicates that there is an acknowledgment and a concern about Iran's ballistic missile program in Europe.

In the report that we published, we looked at, what has been the attitude towards sanctions on Iran's ballistic missiles in Europe and the U.S. since the JCPOA. And in the U.S., you have dozens of entities sanctioned, both Iranian entities and also entities outside of Iran supporting the program, and in Europe, you have nothing. You have absolutely no action taken on sanctions since JCPOA. We believe that that needs to change, and again, that there is kind of the regulatory framework to allow that to happen.

Whether it's on the Iran-specific regulation, but also regulations related to Syria, related to Yemen. Again, if you think about the way that Europeans perceive the Iranian missile threat, we believe that there are a lot of actions that they could be taking in order to address it. Unfortunately, we're a little bit in the worst of both worlds here, because missiles are not included in the JCPOA, which is a problem, but Europeans are saying, "Well, we can't go after missiles because it might jeopardize the JCPOA." So you're kind of not dealing with it on either end.

LEDERMAN: Michael, what is the balance then that the responsibility the U.S. should take upon itself to deal with this problem, compared to Europeans who, frankly, are much closer? They're threatened by short-term range missiles than we would be here in the U.S. homeland. They have much more investment with Iran, so they have much more to lose economically. And, I think Valerie was alluding to this in that, we've tended to try to go after this program by looking at, how can we get at it from the sides?

Well, you've got people who are sanctioned for other things, who are dealing with this, but there's an argument that we don't really have an international legal infrastructure in place right now, that actually gives us the authority to go after a ballistic missile program as it currently stands. So do you see there being sufficient powers as it stands right now to do more than we're currently doing?

EISENSTADT: Okay, let me just take this and respond on several levels. First of all, part of it has to do with the debate we're having here about America's role in the world. For those of us who still say, America needs to be a leader, and even in areas where our interests are not more directly impinged than our allies, we still have to play a leadership role because we have capabilities and experience that many of our allies don't have that they will benefit from and ultimately we'll benefit from if we work together. But again, there's a debate here about whether America should still play that kind of leadership role overseas with these kind of things.

Let me just say, with regard to legal instruments, I would argue that, look, some of the stuff that Iran is doing in the missile realm is kind of contrary to the provisions in resolution 2231, which back-stopped the nuclear deal. They're in defiance of the missile provisions, but

clearly in violation of the arms transfer provisions, okay? Plus, they are in violation of UN resolutions related to Lebanon, that after the 2006 war, and UN resolutions related to Yemen, that prohibit the transfer of weapons to both places.

So clearly, Iran is in clear violation of UN Security Council resolutions with regard to the transfer of missiles to some of its regional partners. So I think we do have some leverage there in terms of justifying, at least, sanctions. And let me just say, I think we've been working missile defense issues for decades with our allies, and we've reached a point of diminishing returns, perhaps, in this area. We have a potential solution to the problem, although it's very expensive and very costly.

But there may be more areas of things can be done in the sanction realm, and I'll just mention Saeed Ghasseminejad's study here about sanctioning companies which are part of the supply chain for the Iran's missile program, which could have ripples throughout the Iranian economy, which, I don't see how it could be argued against that sanctions like that would be a violation of the JCPOA, but the JCPOA doesn't touch on the missiles. So I think there are things probably we still can do, but I'll defer to my colleagues here who know more this than I do on this topic.

LEDERMAN: Behnam, did you want to jump in?

TALEBLU: Sure, yeah. There's actually ample authority that exists at the executive level. There's an executive order that deals with WMDs and/or their delivery vehicles. So this is 13382. There's been, I think, almost 70-something designations under Obama and President Trump since the nuclear deal going after Iran's ballistic missile production, procurement, and proliferation capabilities. These are entities that exist in Iran, and are outside of Iran, that actually spread these missiles.

I'm also thinking of those two same resolutions that Mike mentioned, UNSCR 2231: this codifies the nuclear deal that has the arms transfer portion and the ballistic missile testing or activity prohibition; and 2216, which has the arms embargo on Yemen. Iran is in violation of these grossly, not just, you know, dimittimus or violation of the spirit of it. This is a violation of the letter of the law, and this needs to be stated emphatically, and this is the minimum the administrative can and should do to push back on Iran's ballistic missiles.

There's legislation in the House that deals with going after Iran's ballistic missiles supply chain, that I think Mike mentioned, which is from a report that Saeed initially penned here. But there's also Iran's procurement network abroad. In the audience, we have a good friend, Betsy Woodruff, who wrote an article, actually breaking the story about an Iranian attempt to procure a Kh-31 anti-ship cruise missile. So it's not just Iran's ballistic missile production at home, it's procurement of key capabilities that allow it to underscore those threats that Mike mentioned in the region and abroad.

And there are, actually, the Europeans should be worried, and Valerie is right to ring the alarm bell that not a single new Iranian entity has been designated by the EU since the nuclear deal. This is a problem. I think if the deadline is May 12, the very minimum Europe can do is to

designate the tranche of entities that President Obama and President Trump have designated since the nuclear deal. Those are 70-something entities. That is the minimum, I think, Europe could do in the run up to May 12.

LINCY: Could I—Sorry, just real quick?

LEDERMAN: Sure.

LINCY: I think that the motivation for our report was really that the sanctions are most effective, and were in the past most effective, when they were coordinated, and that's really the reason that they should be re-aligned. That this divergence is not helpful to deal with the problem.

LEDERMAN: I do think it's not quite right for us to say that the Europeans are not willing to do anything on ballistic missiles. The French, in particular, have been very bullish about this, they've—

TALEBLU: But where's the designation?

LEDERMAN: Well—

TALEBLU: That's the problem.

LEDERMAN: They've come part-way towards what the U.S. has been asking them to do, in terms of creating some new restrictions, whether they can get onboard with some other things with sunsets and elsewhere, sort of another story. Before we go to some questions from the audience, I just want to ask, and whoever wants to jump in on this, assuming that we do pull out of deal, which increasingly looks like will happen, can you articulate some—What happens next?

Is there some way in which we then get to a point where Iran's missiles are less of a threat than they are now, or are we more likely to see an Iran that feels thrown back on its heels, needs to entrench, feels like it can't trust deals with the United States, and feels like the ballistic missile program becomes even more crucial for its defense?

EISENSTADT: I mean, I'll just say, I don't think, except for the tests, I mean—This is why you have to take a holistic approach. Although I agree with Behnam—and Behnam's done a great job in showing how the amount of testing has diminished greatly, after the nuclear agreement, there was a spike, and then it decreased. But they're getting feedback from the Houthis, presumably, as a result of their actual operational use. Not testing, but actual operational use, so there are—I don't see how the nuclear deal has affected at all their missile program.

That's just an area—and this gets back to the point that you asked, Valerie, before, about, how can you ask them to give up something which is so important. Every country has legitimate

security requirements. And in thinking through the limits of the possible, from the point of view of diplomacy, you have to understand the world in their terms.

But in terms of our willingness to be empathetic or sympathetic to their concerns, it's easier when they are simply on the defense. But we've seen as a result, since the JCPOA, Iran has been on a roll regionally. In fact, you can even argue, look, the intervention in Syria happened right after the JCPOA was concluded, and you have massive use of chemical weapons with at least—Iran is not doing anything to stop it. Rafsanjani was the only one who ever, I think, anybody of any significance in Iran who spoke out against this.

So it's hard to be sympathetic to their defense concerns when they are doing things that harm our interests, and those of our allies, after an agreement that the administration hoped would lead to an improved atmosphere and relations, so I guess that's how I—Yes, it is important. It is critical for their defense, but they're not on the defense now. They're kind of on the offensive, and our willingness to kind of take into consideration their legitimate defense needs, I think, changes in such circumstances. That's just how I respond to that.

LEDERMAN: Great.

TALEBLU: Just a quick chime in, because we mentioned the Iran-Iraq war, and the legitimacy of Iran's defense needs. That's an evolving debate, not a static debate. And I think so often in DC, when we do hear the Iran-Iraq war occasionally brought up, it's in reference to that, "Well, we suffered under the war and the war is why we had the missiles." We shouldn't concede that argument to Iran. I think John Kerry mistakenly conceded that to Iran in June 2015, which got us the deal, which got us missiles not being a formal part of that.

Zarif throws a tantrum and says, "We were hit by missiles, we have to have missiles." That shouldn't be the end of the debate. That should be the beginning of the debate. It should be, "Well, during the Iran-Iraq war, Iran harassed the U.S. Navy in the Persian Gulf. During the Iran-Iraq war, Iran actually worked with the batter corps in Iraq," which actually is, according to the research of Amir Toumaj, it's the batter model, not the Hezbollah model that Iran is implementing with its Shia militias across the region.

So there's all these threats that were incubated during the 1980-1988 Iran-Iraq war period, that we shouldn't give Iran a green light on. Ballistic missiles is the most pressing one, because I think we have this panel here coming to you from the military angle, from the Iran angle, from the non-proliferation angle, and we're all converging on this same threat, because this threat was unchecked for so long. And now I think we have the appropriate legal mechanism, political mechanism, and apparently, some will, to roll back this threat. We shouldn't simply let Iran raise the Iran-Iraq war card and get away with it again.

EISENSTADT: And they probably could've ended the war earlier had they desired to do so.

TALEBLU: Oh, absolutely. Absolutely.

LEDERMAN: Well before we get too much back into history from decades ago, why don't we turn it over to our audience for some questions that others have. We'll have folks that will bring a microphone to you, if you want to start right over here. And why don't you introduce yourself as you ask your question.

RAVIV: Sure. Dan Raviv with i24 News. There's the possibility that with President Trump speaking of a target date or deadline for a decision on the JCPOA, he might see that as a politically important decision that's only about saying yes or no to U.S. continued involvement and participation in the JCPOA instead of wider issues. It resonates with us because, on i24 News, a former Israeli foreign minister Tzipi Livni, she expressed concern that the United States is only thinking about JCPOA and that could be a distraction from Iran's other activities including missile work.

LEDERMAN: So what's the question?

RAVIV: Whether focusing too much on May 12 and JCPOA doesn't put a focus on what you're talking about today, but even could be a distraction. It's just, thumbs up-thumbs down on JCPOA.

LINCY: I have a thought on this. I think that there is a fundamental question about what is the best mechanism for dealing with the issues that are not part of the JCPOA—the missiles and other issues. I think that's where there is a bit of a divergence with Europe. Where the Trump administration has tied dealing with these issues quite closely to continued participation in the JCPOA, and other countries that are more attached to the agreement would really prefer to see it being dealt with outside of the agreement. So I think that that's a fundamental tension, and I personally, would tend to agree that tying it so closely to the JCPOA does not really move the needle on these other issues.

EISENSTADT: If I could jump in. I think, also, a fundamental element of strategy is kind of phasing and trade-offs. I think it was a mistake to front-load the JCPOA issue for this administration. I would have preferred, both in terms of managing our relationship with our allies and dealing with what's urgent versus what's important, that we focus on Iran's regional activities while trying to find—and giving a much longer timeframe for efforts to figure out we can—and I don't like the term “fix,” because I don't think you can fix the JCPOA, but I think there's ways you can mitigate some of the problems.

It took us years in working with our allies to arrive at a common position, so to think this would take just few months, I think was unrealistic. So I would have preferred that we front-load work with our allies against Iran's regional activities, while working in the long-term to figure out how we can have a side agreement with our allies, and create a framework of incentives vis-a-vis Iran to alter their calculus as they move forward, and as we move forward. And maybe we get a side agreement down the road with Iran, excuse me, with our allies on the JCPOA. So I'm kind of in agreement. I think it was a mistake to do it the way we seem to be doing it.

LEDERMAN: Incentives beyond the sanctions-relief they're currently receiving?

EISENSTADT: No, I didn't say incentives. It's a framework of both, maybe incentives but mainly disincentives. But look, there's no requirement for Iran to build an industrial scale nuclear program once the limits on their nuclear program come off. And if we create a set of incentives that say, "Look, you know, if you go down that path and you're still doing all the stuff in the region that we find so problematic—our prioritization changed from 2015, and as a result, we're going to make linkage in fact between your regional activities and your nuclear program, and we'll have a presumption of denial for any technology you want and the like, and have a different attitude towards the implementation of the JCPOA than I think many of the countries have right now." So I think it's a combination of incentives, but also, heavy disincentives as well.

LEDERMAN: Yes, sir.

KRAFT: Thanks very much for the—

LEDERMAN: It's on. You're good.

Mike Kraft: Thanks for the presentation. Mike Kraft, I'm a counter-terrorism specialist in the former State Department. I have a question mainly for Mike, could you discuss a bit the size and capability of the warheads of the conventional missiles? It seems to me that if Iran decides to use them as area weapons against cities, and they don't care too much about accuracy, it almost gets in the area of what you referred to as psychological aspects of even terrorism. And have you seen any indication they've been trying to outfit any of these missiles with chemical capabilities?

EISENSTADT: Yeah. I'll answer the last one first. Let me just say, Iran is a signatory to the chemical weapons convention, and as part of joining, they made—I think "declaration" is not quite the right term that they use in the OPCW—but they made a declaration and claimed that they unilaterally destroyed their chemical capabilities in the '90s, yet the State Department keeps issuing, every year, a document which says, we cannot verify the Iranian claims. I'll just leave it at that, because I have no idea.

I'll just say that, look, with Libya, we found out that after they joined the CWC, they didn't actually declare all those capabilities, and likewise with Syria. So I think it's an open issue whether Iran actually has destroyed all its capabilities and we've never had an inspection to verify that.

With regard to their conventional warheads, you have both a combination of unitary, kind of high explosive warheads and cluster bomb warheads. Some of the warheads probably are only a few hundred kilograms that they've, in order to get the grade arranged for the missiles, they reduced the weight of the warheads. Some of the other missiles might be closer to a ton or so, which was kind of the weight of the warhead, I think, for the original scud-B.

So you've got a range of payloads with different kinds of explosive force, and a lot depends on accuracy. Again, I said accuracy is also a function of range, and as a result, the Iranian missiles are still probably—the longer-range missiles that would be required to reach Israel are probably pretty inaccurate, but if you're dealing with the Israeli coastal strip, which is

very heavily populated, if you're aiming for the Kirya, the defense ministry complex in the middle of Tel Aviv, and it hits a kilometer away, you're still hitting a heavily populated area.

So during the Iran-Iraq war, the Iraqi missiles against Tehran killed relatively few people because they had so little high explosive in them. So you're talking about only a handful of people—I mean, each human life is a tragedy—but 7-10 per strike. But on the other hand, if you remember, we had during the Gulf War in '91, a barracks used by a Pennsylvania National Guard unit that was hit, I think 20-30 people or so that were killed.

Now, with the large payloads on their warheads, it's going to be incrementally larger. But again, some of these will be intercepted, and many of them will probably be intercepted by Israeli missile defenses. The bottom line is, Israel is, in terms of its casualty-averse society, similar to American society. So these kind of attacks would have an outsize impact on the Israeli population, probably.

KRAFT: And we have a number of bases that are hardened.

EISENSTADT: Yeah, some of our bases are hardened, and some are not in the Gulf, and would be vulnerable, but we also have missile defenses there.

LEDERMAN: Other questions from—Yes. Right here.

BRITZKY: Haley Britzky with Axios. Thank you guys for doing this today. My question is, what part, if any, has the disarray in the Gulf kind of played in emboldening Iran, and if—I mean, obviously the Amir to Qatar was here yesterday. Should that be a priority for the President as we think about combating Iran on these issues, kind of restoring relations in that region?

LEDERMAN: Sure.

TALEBLU: I'll definitely take a regional crack at it. Sometimes there's discussion of Iran in Washington as this highly strategic actor, sometimes there's discussion of Iran as a highly ideological actor. I think, with the Gulf crisis, and particularly with Qatar, it's proof of it being a highly opportunistic actor. There's increase of flights, there's increase of political support. If the spat continues over time, you could see Iran try to logroll that into something much more formal.

The question is, of course, because there's a U.S. base there, and because most, if not all the GCC countries face a ballistic missile threat by Iran, one of the long-standing U.S. policy goals has been to try to find a way to create a regional integrated ballistic missile defense system across the Arab side of the Persian Gulf. I think definitely with the Qataris being on the outs and closer to Iran, that debate is brought exponentially more forward for the President, and actually, for the future of U.S. ballistic missile defense in the Persian Gulf.

So it's an unknown, unknown. I think the administration is right to kind of be fully backing Riyadh in the war in Yemen. I don't think we should be unilaterally pulling the plug on that, and I think that the positive kind of relationship created by U.S. ISR support for the Saudi

intervention in Yemen could be kind of log-rolled into kind of finding a way towards a more peaceful resolution of the Qatar crisis. But it's a political crisis.

LINCY: Just briefly, thinking about the sort of diplomatic side of some kind of future negotiation with Iran on the missile program that's been suggested by some European leaders, the participation and contribution of countries in the region, I think would be an important part of that. So, the extent to which you can have coherence in the region on this threat, I think that would be helpful to that. Somewhat idealistic, but still, we should work for it prospect.

LEDERMAN: The other element of that, and maybe Michael, you can address this, is the idea that you have all these countries that didn't really want any outward cooperation with Israel in the past, that seem to be now relatively on the same page. Mohammed bin Salman, during his marathon tour of the United States, was pretty open about that, in public, in a way that I don't think any of us would have expected to see just a few years ago. Does that create additional opportunities for the kind of unified, global approach to this that Valerie was alluding to?

EISENSTADT: I'm skeptical. One of the main problems that our allies in the Gulf face, I think Behnam was alluding to it, our efforts to try to create a kind of unified missile defense architecture. Our Arab Gulf partners can't even kind of cooperate among themselves sufficiently to achieve the synergies that they would achieve if they were to kind of integrate their early-warning capabilities in the like.

So, I think, if the Arab states in the Gulf have trouble cooperating among themselves, the potential for Israeli-Arab cooperation in these areas I think will also be limited by similar kind of factors. I'm just kind of skeptical that—I think there's probably some stuff going on there that we'd be surprised about if we were to learn about it, but maybe not as much as kind of sometimes, people think, or hope for in this regard.

LEDERMAN: Any additional questions from the audience?

EISENSTADT: Or maybe I'm wrong.

LEDERMAN: Right here.

QUESTION: Yeah, I was wondering, someone pointed out earlier how Hezbollah has over 100,000 rockets and missiles, and it's obviously a great deterrent effect on Israel. Why, if Iran has successfully armed Hezbollah so well since 2006, why do they feel it's necessary now to also build production facilities in the Levant to build more ballistic missiles there?

LEDERMAN: Behnam?

TALEBLU: There's been talk, again, I've never seen it confirmed, of Lebanese Hezbollah actually having scuds. Because it's never been confirmed, I'm not going to mention that. But I think what you're alluding to, the creation of actually missile depots and missile facilities and missile bases in Syria, is Iran's evolving footprint in the Syrian civil war—another reason you need to be aware of how Iran fights its wars in the region.

I think Iran began to show an interest in developing brick and mortar facilities, bases, production centers in Syria once shipments of its key weaponry to Assad and shipments of its weaponry, more importantly, to Lebanese Hezbollah started getting intercepted, and in fact, bombed by Israeli air strikes coming in through the Syrian civil war.

I actually, I am little bit more hawkish on this point, because if it's a brick and mortar facility, it's a much bigger, better, and easier target for U.S. or Israeli air power. So if Iran's way of getting around intercepted munitions is to start actually building buildings, these are buildings which would constitute targets if there is a potential air strike.

LEDERMAN: Yes, up here in the front.

PERKINS: Hi, Charles Perkins, AIPAC. A lot of historical parallels between the Iranian program and the North Korean ballistic missile program, exchanges over the years. Differences as well, however, and in some ways Pyongyang is farther ahead. As we observe how North Korea got to what ostensibly is an ICBM, are there lessons that can be applied as we look at where Iran is going and possible choke points that weren't taken advantage of in North Korea that could be applied with Iran?

Also—and this is more speculative—as we proceed possibly down a diplomatic path with Pyongyang, maybe even a summit between the two leaders, and we hear this word about “denuclearization,” whatever that might mean, do missiles have to be included in that U.S.-North Korean process if the Iranians are to believe that indeed it's legitimate for them to be forced to abandon or circumscribe their own ballistic missile programs?

LEDERMAN: Who wants to grab that?

TALEBLU: We can share it?

LEDERMAN: Sure.

LINCY: Your second point, I think, I've been thinking about that as well because there's all this talk of denuclearization, but what exactly—are missiles included in that or not? The agreed framework with North Korea in the past, obviously, it didn't touch on the missiles, but other arrangements between the U.S. and North Korea did, so I would say that it's—based on, really, my initial comment, I think it's critical to include missiles in any agreement to restrict a country's ability to make nuclear weapons. So, I would say that, in a way, the lesson learned of the JCPOA is, when you're going to deal with North Korea, don't leave it out, particularly given North Korea's more advanced capability. On the first part of your question about choke points, I think it's a very good question and I don't have a very good answer.

LEDERMAN: The other way to look at this though is, like it or not, the U.S. and other countries in 2015 agreed to a deal that they agreed to that did not include this. And that, if we then come back and say, “Okay but now we're going to stick these additional restrictions on to you, you don't even have to sign on to this add-on thing, we don't really care. You're going to be subject to it anyway.” What lesson as a non-proliferation expert, what risk does that create that

other countries like North Korea are going to say, “Why would we agree to this? We’re not going to end up for more than two years with a deal that we signed on to.”

LINCY: Actually, I don’t think it’s in contradiction. I think that, again, because of the fact that missiles are not part of the JCPOA, they are included in this UN Security Council resolution, but they are not part of the core of the nuclear agreement, that imposing sanctions or trying to penalize Iran’s missile program really shouldn’t.

And this, we come back to the issue of whether or not it should be tied so closely to the JCPOA. Going after the missiles really shouldn’t be seen as putting the JCPOA in jeopardy, unless you were to revert to the exact same sanctions, let’s say, that were lifted as part of the agreement, where you might get into a bit of hot water.

LEDERMAN: So, should it be acceptable or permissible under the confines of what we have now, then, to impose sanctions for ballistic missiles on people who were on Annex II, and were on whom sanctions were lifted under the JCPOA?

LINCY: I’m sorry, just briefly. I think if there is evidence that can be made public that indicates that X, Y, and Z entity are contributing to human rights violations in Iran, Iran’s ballistic missile program, destabilizing actions in the region, then yes, but I think that you would have to have a detailed Treasury press release that explains those connections and the sort of vintage of them.

EISENSTADT: If I could—sure, Behnam.

TALEBLU: In short, absolutely. I think that’s one of the key things that’s been missing in U.S. policy so far. There’s been rhetoric, and then there’s been Treasury designations, but there hasn’t been a reversion or relisting on some of those Annex II entities under new or existing authorities, given their pre-existing current and likely future threats that they pose. A good example is EiKO. It’s not a missile entity, but it’s the Supreme Leader’s holding company. There’s legislation: Global Magnitsky in the U.S., for instance, which you can use to go after this entity for corruption and human rights abuses.

This entity got quote-unquote “nuclear sanctions relief” under the nuclear deal. That doesn’t mean the U.S. should turn a blind eye and excuse its long-standing other threats, such as corruption, human rights, and use this legislation to kind of get around that. Just because we’ve allegedly dealt with the Iran nuclear issue or attempting to deal with the Iran nuclear issue through the JCPOA, doesn’t excuse the plethora of other threats that have kept Iran separate from the international community for so long, and have kept the U.S. and Iran so divided for so long.

So, I think, as long as there is ample evidence of Iran engaging in that behavior, and the missile testing, proliferation, production, and procurement are all proof of that, then there is absolutely no reason why the U.S. should be fighting with one arm tied behind its back. And a perspective challenge for transatlantic diplomacy, I would say, is if you closely look at that

Annex, there is the mother load of Iranian domestic ballistic missile defense manufacturers; this is Iran's own ballistic missile base.

MODAFL, Iran's Ministry of Defense, Aerospace Industries Organization, Defense Industries Organization, Shahid Bagheri Industrial Group, Shahid Hemmat Industrial Group. If the nuclear deal is even fixed come May 12, and it's kept intact, Europe will be delisting these entities by, at the absolute, latest 2023. This is going to create a major secondary sanctions problem for the U.S., so the status of these entities that exist on Annex II needs to be resolved between the U.S. and Europe. And these are one of the many issue that I think kind of divide Washington and Brussels on what to do over the future of the deal, and how to appropriately address the missile issue through sanctions.

EISENSTADT: Could I just make a broader political point? I think it was a reasonable decision by the Obama administration to try to separate Iran's regional behavior and kind of put that to the side while focusing on getting a nuclear deal. But in practical terms, I just think it's unrealistic to think that a deal would be sustainable if Iran's regional activities not only continued the way they had before the deal, but actually got worse, which is—I think you could make a fair argument that actually after the deal, and Behnam has documented some of this, in terms of number of missile tests, for a while, harassment of U.S. ships in the Gulf, activities in Syria and Yemen.

They didn't have to do all of this stuff. They could have said, "Let's sit tight. Let's actually be restrained in our behavior, and try to create a conducive environment so there won't be any kind of political backlash against the deal." But actually, I think they pursued a course of action which soured a lot of people. Let's face it, in Washington there was, I think, by and large, the majority in Congress and among the American people were against the deal, but couldn't marshal sufficient numbers on the Hill to kill it.

LEDERMAN: And how many of those people are the same ones who are advocating to stay in it?

EISENSTADT: Yeah. But the point is, look, I supported the idea of a deal, and I didn't like the deal we got, but I support the ideal in principle. But the point is, for it to be sustainable, it's not going to be sustainable if Iran uses the opportunity thinking that we're handcuffed because of the deal to do other things that undermine our interests. That's just the practical reality. And that was also the problem with the comprehensive framework in Korea, and they didn't have to do a lot of the stuff they did, which has further soured a lot of people on the deal.

So that's a fact of life, that's a fact of life. It creates a political environment where it makes it very difficult for people to continue supporting the deal. Now, there are other factors now that people are supporting the deal, or against the deal for partisan reasons. That has introduced a different dynamic, and I'm not going to get into that here. But I think you just have to say, Iran—it didn't have to be this way, in terms of Iran's regional behavior, creating an environment where it's politically very hard to continue supporting the deal.

LEDERMAN: Behnam.

TALEBLU: Just to take the government out of the future of the deal debate, and kind of put it between us and the open source world among analysts. One of the arguments, if you were an open source analysts in favor of the deal was, “Okay, you deal with the most dangerous part of the Iran nuclear threat. This is giving them the best, the benefit of the doubt, if you will.”

You deal with one of the most dangerous parts of the Iran threat, and then you have free rein to go after Iran’s non-nuclear threats: activities in Syria, proliferation of weapons, human rights, anti-money laundering, ballistic missiles. But every time serious action was considered, contemplated, or even really mentioned in an op-ed post 2015, the argument marshaled against it was that this would impede the nuclear deal, that this was death by a thousand cuts against the nuclear deal.

And that’s really not fair. If you really do believe in stove-piping the Iran threat, then there really should not have been that kind of political impediment among, basically, open source analysts, not in the government, for actually taking more substantive actions in the sanctions domain, and perhaps even in the military domain against Iran on all of those regional and non-nuclear measures. And I think that’s one of the most unfortunate things about the deal, is that kind of, like any bureaucratic tool, it creates this constituency that once it happens it kind of has to be maintained and developed, and I think Mark said it best, it becomes like the peace processing industry.

LEDERMAN: Great. Yeah, right up here in the front.

OTTAWAY: Dave Ottaway from the Woodrow Wilson Center. If we pull out of the nuclear agreement, is it finished? Are the Iranians going to walk away? Are the Europeans going to try and salvage it? What happens?

LEDERMAN: I’ll actually jump in there to say that we’ve spoken to a lot of the Europeans about this to ask them what they’re hearing from the Iranians, and they say they hear mixed things. That some Iranian officials will tell them, “Yeah, you pull out of a deal, we’re going to immediately ramp up enrichment beyond levels that are accepted under the deal.”

And other Iranian officials will tell the Europeans, “Actually, we’re not interested in the nuclear program anymore. That’s not really a focus for us, and it’s somewhat moot.” So I think that, perhaps, as is illustrated by the reluctance of anyone to jump in on that question, there’s a lot of uncertainty about just how they would respond. If anyone wants to add anything.

LINCY: I think one of the main questions is going to be, what happens to sanctions. To what extent will Iran’s economy suffer as a result of the U.S. leaving the deal, and will the European private sector be even more reluctant to enter the Iranian market, and will Iran basically make a calculation that, given the constituency in Iran, that’s arguing for pulling out, and now you can’t even tell us that it’s benefiting us economically.

We’re going in reverse here. I think that increases the likelihood of the deal collapsing. But I also believe there is, from our own conversations with European officials, I think there is a

strong motivation on the part of European countries to maintain the agreement, even in the absence of the US.

TALEBLU: And David, just to give you a state of play on what's been going on in the Persian press, what's been said by officials, there's usually two schools of thought and there's been a tendency towards the latter, basically, in the past two weeks, and I assume we'll be seeing more of this as we get closer to May 12. The mainstream school represented by Rouhani Zarif Salaheed, this camp within Iran basically says, publicly and elsewhere, that, if the U.S. walks, we're going to do everything we can to keep the deal. We're going to put pressure on them through the UN Security Council for the joint commission, and kind of do what Rouhani wanted to do from 2003-2005, which is enact this transatlantic split, and sick Europe on America, basically making Europe a de facto arm or lobby of Tehran in that regard.

This other school of thought, represented more so by the IRGC and select Iranian officials, have really been stepping up this game with Europe, which is actually kind of looking to contradict these more public Rouhani and other statements, which is to say, you know what? If the U.S. pulls out, we're going to pull out, to kind of intimidate Europe. And the question is who can really get to Europe's heart and mind first? Will it be Washington or will it be Tehran? Whose threat is taken more seriously?

To me, Brussels should really have its mind made up on this, but the fact that it doesn't just speaks to the cogency of that Iranian narrative, kind of oscillating between this Rouhani camp and IRGC camp, and their skill, I would say in marshaling both of those very divergent narratives as to what they would do to calculate and incubate this fear among Europe.

LEDERMAN: We have about 5 minutes left, so why don't we try to take one or two more questions. Yes, sir?

BIDWELL: Good afternoon, and thank you all for great presentations. Chris Bidwell, Federation of American Scientists. My question is this: in our discussions that we had about sanctions, we tended to ignore, or pass over the idea that you can't make a business do business with Iran. You can't make a bank do a transaction, you can't make an insurance company insure something.

And the debate is to whether or not the U.S. pulls out of the deal or not out of the deal, or the Europeans go with the deal or pull out of the deal, doesn't take away the fact that a lot of banks, a lot of big companies, once you're on that list, even if you're taken off the designated list, they're still going to want to do business with you. So, what is the benefit of—how does that play out? Can we really turn of sanctions, or are we kind of circling around a legal gymnastics, as to what is or isn't permissible? I'd like some comments on that if you do. Thank you all for your presentations. I love you all.

LEDERMAN: Yeah, and just to add to that question, the Europeans complain that even the sanctions relief that's been put in place, that OFAC Treasury Department, refuses to give anybody anything on paper that says, this is what you can do, this is what you can't do without running afoul of sanctions. And banks are notoriously risk averse, and they just won't do

anything and that's played into this Iranian argument that they're not getting the relief that they were promised. So to add to that question.

LINCY: I think that it's been, from the Iranian perspective, a real problem, and I think that since our election here, and the change in administration, and that dramatic change in narrative with regard to the JCPOA, it has hindered probably what would have been a natural easing in concerns about going into Iran and investing in the Iranian market. I think there are other concerns that businesses have, unrelated to the JCPOA, with regard to doing business in Iran, and that's all part of the assessment that a business will make. So, issues with regard to corruption, with regard to a lack of transparency, with regard to, to what extent is the IRGC involved or not in this particular entity's operations. That's why you have decisions like the one taken by the Financial Action Task Force not to remove Iran from its so-called blacklist.

TALEBLU: There are hosts of those non-nuclear reasons that have basically kept Iran separated from the International Financial Community, as you know, Chris, but the hesitancy of a lot of these banks and businesses is due, in part, to the growth of the compliance sector, really, in the past decade. The compliance sector, really, is taking into account all these executive orders, it is taking into account the political dimension of, will there be a deal in six months, in 12 months, in whatever.

It's their job to be risk averse. If you want to do business with the world's largest state sponsor of terrorism, who uses oil money as a weapon, who is flight-testing ballistic missiles, killing kids in Syria and Yemen, and forcing Saudi's hand in all these theaters, then yeah, I don't think a bank would want a green light. You doing due diligence, and then later on, business in that type of country. There are a host of these other factors that I think have impeded European banks and businesses from actually greenlighting more commercial contact with Iran. And I think, if we get to a May 12 position, where—again, we have a colleague here at FDD, Rich Goldberg has spoken about this. If you get to a world where, in May 12, the U.S. does kind of engage in this unilateral withdrawal, you may see European politicians go one way and European banks and businesses go another way. Then, this opens up a whole can of worms as to, how will Washington try to court those politicians, and will those banks and businesses have a greater say. There is an entire world of market forces that we didn't even get to mention today, that will also define the future of the Iranian threat.

LEDERMAN: With that, I want to thank all of our panelists, Michael, Behnam, Valerie, for being here and for sharing your views on this, and all of you for coming for this interesting discussion with us. Thanks a lot.