

Keeping Iran in Check: How to Combat Iran's Illicit Activities
Foundation for Defense of Democracies Discussion
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DORELL: So welcome, everybody, and thank you for joining us for today for what should be a lively discussion about Keeping Iran in Check: How to Combat Iran's Illicit Activities.

My name's Oren Dorell, I'm a reporter. I cover foreign affairs for *USA Today*. And at this time, I'd like to request everyone put their cell phones on silent. Remind everybody to do that so we can have an uninterrupted conversation.

We're going to begin the event with a moderated conversation. I'll be asking the panelists some questions and then we'll open up for questions from the audience.

So today, I'm joined by three premier Iran experts; David Albright, Mark Dubowitz and Brian Katulis.

David is the founder and president of the Institute for Science and International Security. He and the institute have closely tracked the Iranian nuclear program for many years, deriving technical analysis and policy solutions for resolving the crisis.

Brian Katulis is a senior fellow at the Center for American Progress, where his focus is the U.S. national security strategy, counterterrorism policy. His past experience includes work at the National Security Council and U.S. Departments of State and Defense.

Mark Dubowitz is the CEO of the Foundation for Defense of Democracies, who is our host here where he also heads its Center on Sanctions and Illicit Finance and leads projects on Iran sanctions and non-proliferation. Mark is considered one of Washington's leading policy experts, challenging Iran's illicit behavior with a particular focus on sanction policy.

So, before we get into the details of where -- what needs to change and what needs to happen with the Iran nuclear deal and with Iran's illicit activities, I wanted to sort of give everybody a perspective and have everyone comment on where we are compared to where we were two to three years ago when the United States and Israel were openly talking about the possibility of military action to counter Iran's nuclear program.

Right now, we've got, you know, break out -- we've got a deal. We've got break out time that's reduced. There are limits on the nuclear program in Iran. Iran received sanctions relief and has more to come. But there are -- but there are concerns. It's an imperfect deal. Iran -- Iran's continued actions, you know, with respect to terrorism and ballistic missiles and human rights, activities in Syria and Yemen and Iraq. And Congress this week introduced bills to oppose new sanctions on Iran to deter those activities.

So just for the purpose of perspective, I'd like each of you to catch us up on where we are in comparison to where we were. And you know, I guess we'll start with David.

ALBRIGHT: Thank you, Oren. Thank you very much. So -- and thank you FDD for inviting me to speak.

I think that the bottom line is certainly, Iran's program has been drastically reduced in scale, there's no -- no doubt about that. And the additional protocol is enforced. So the way it's worked is at least you have declared sites in Iran inspected much more.

I don't particularly think the IAEA's done a good job or been able to do a good job on answering questions about what's going on at military sites, what happened in the past with nuclear weapons were -- what may happen in the future. I mean, it's one of the untested areas.

And this really was part of the problem in the JCPOA, that in a sense, it -- it safeguarded the heck out of -- or inspected the heck out of what we already know about. But it didn't do so well at developing a formula for having confidence in what we may not know so well or Iran has lied about with regard to its past nuclear weapons work.

KATULIS: I'm going to answer the question. First, thanks FDD for inviting me. Your mission of defending democracy has always been important and especially now these days.

I'm going to answer in terms of Iran's role in the region because David and Mark closely watch and monitor what's been going on with the JCPOA and the Iran nuclear deal. The -- you know, I think the bigger picture reason why I think it's important we're discussing this topic is that this is a key issue in the broader stability of the Middle East. And sitting here in early 2017, just two months into the Trump administration, the picture of stability does not look good.

If there was any hope for greater equilibrium or any notion that Iran might be able to share the region in a way that produces stability in the Middle East, we're nowhere closer, and in fact, we may be on the precipice of some really devastating continued problems throughout the region because of the role not only that Iran plays, but because of some of our broader partners and that's why this event I think is well timed. I think if the new administration reaffirmed that it's going to try to stick with the JCPOA and there has been some benefits on the nuclear front, we've heard that this week.

But the thing that I think is not as clear and I hope our conversation can help clarify is what the United States can do in coalition and in partnership with allies like Israel, with partners in the Middle East to first, help them defend themselves against the instability produced by Iran and other actors, but then also take more productive steps to help advance stability in places like Syria, Yemen and Iraq.

So, overall assessment is I think we're still at a very shaky phase, as we were in the last two years of the Obama administration, and I don't see yet any clarity at the light of the tunnel -- any light at the end of the tunnel for that.

DUBOWITZ: Great. Well, thank you.

So, first of all, great pleasure to be here with Brian and David and thank all of you for coming here. Good timing with two new bills being introduced yesterday in the Senate and the House on Iran.

Just quick overall assessment. I think I agree with David and Brian, I think the JCPOA has been useful in the early years. For the next two to three years, I think it made it more difficult for Iran to develop one bomb.. But I think the JCPOA will make it easier for Iran to develop dozens of nuclear weapons, an ICBM program and really fortify its economy against our ability to use sanctions in the future.

And the reason for that is that sort of the bedeviling paradox about this JCPOA, which is that the greater the level of enforcement, the easier it'll be for Iran to develop an industrial-sized nuclear weapons program, an ICBM, and have the economic and regional dominance that we need to counter.

And all of you know why. It's because of the fatal flaw in this deal, which are the sunset provisions, where many of the restrictions on Iran's nuclear program go away over time, regardless of Iranian behavior and Iranians emerge with an advanced centrifuge power industrial-sized program on its territory more than twice the size of Texas. Very difficult for the IAEA to inspect and the supreme leader has made it very, very clear, you are not getting into my military sites, as David suggested.

On the economic front, 2013, when negotiations began, Iran was on the verge of economic collapse and were rescued by the negotiations and by the agreements. And now, more than almost three years later, the Iranian economy's recovering at 9 percent growth rates, inflation is down from unofficially 80 percent to 7, 8 percent, Iran has gotten access to at least \$100 billion in foreign exchange reserves with which to pay off its debts and invest in its economy, its military, and its overseas malign activities.

So the JCPOA saved Iran from potential economic collapse, potential political collapse, it constrained the program by extending breakout time in the early years but it is really, in my mind, providing Iran a patient pathway to nuclear weapons capability.

DORELL: So I want to talk about these -- these bills that were introduced in the House and Senate this week. They focus the -- they focus on Iran's ballistic missiles activity -- activities, human rights, and especially on Iran's Revolutionary Guard Corps. And I think most of us here know, you know, the arguments for doing this but I wanted to talk -- wanted you guys to talk about, what are the risks -- what are the risks of doing it?

You know, are those -- do those -- do these new sanctions -- how do these new sanctions affect the Iran deal?

DUBOWITZ: Sure. So...

DORELL: Or how would these new sanctions have...

DUBOWITZ: Right. So just as a quick summary, the Senate and House both have been introduced. The Senate bill focuses on Iran's missile program, their human rights provisions, and then it applies Executive Order 13224 to the Revolutionary Guards which is the executive order more broadly that covers terrorist activity. The House bill focuses exclusively on Iran's missile program with some very interesting provisions.

In particular, we look at the domestic and foreign supply chain that actually supports that program. So again, some very innovative thinking in both the House and Senate bills. Fully consistent with JCPOA, these are non-nuclear sanctions. These are sanctions that the Obama administration made very clear were not violations of the JCPOA, though the Iranian regime has claimed that all sanctions regardless of their target and regardless of their design are in violation.

Which sets up this -- again, this bedeviling paradox which is that a nuclear deal that was supposed to be only about nuclear issues, in some respects, has created a form of leverage that the Iranian regime has exploited over the past couple years which is essentially, if you do anything, sanctions, use any instruments of power against us, we will walk away from the nuclear deal.

And I call this Iran's nuclear snapback. The idea that they will threaten to walk away from the nuclear deal, those threats will create a lot of anxiety in Europe and elsewhere and make it more difficult to get the Europeans and others to support the use of nonnuclear sanctions or indeed any instruments of American power to push back against Iran's regional aggression, human rights abuses, and its -- its ballistic missile program.

So fully compliant JCPOA sanctions and we will hear shortly Iranians threatening to walk away from the deal which will then create lots of anxiety in Washington and in European capitals as people debate whether we're going to take those threats seriously or whether we're not going to respond to or give into Iranian regime blackmail.

ALBRIGHT: And one of the problems with the implementation of the JCPOA -- and just as background, we didn't either support or -- or oppose the deal, and I don't want to go into the reasons, but it -- we wanted to basically stand back from the debate and look at the deal itself.

The implementation, I think, has not been done very well and -- and part of the problem has been that -- that this idea that if you do anything, it'll collapse the deal, Rohani won't get reelected. You know, and -- if Iran needs heavy or has too much heavy water, well we'll find a solution so you're not in violation of the 130 ton cap. If you want to get uranium imported, we'll work to get that -- that done.

And I think they're -- too much was given to Iran and -- and I think the -- it's going to be a rough time to turn that around, that Iran's used to being able to say hardliners are going to kill this deal, Rohani's not going to get reelected. And then -- and then a whole collection of people run and say, "Well, we better solve this problem for them and give them concessions."

And I think those days are, if you believe what President Trump has said, those days are over. And I think it's also in Congress, those days are over, and so I think we're headed for a rough time, but I do think that -- that we have to get through it because Iran has gotten too many

concessions. JCPOA is a living document, things are -- new conditions have been imposed on Iran. Iran has imposed new conditions. There's new interpretations and -- and this -- the direction in my point -- from my point of view has gone way too far for Iran.

And one of the things it's been able to do is somehow say that if -- if they break our laws to buy goods for their ballistic missile program, their people should not be prosecuted and the Obama administration bought into that mindset and that is completely against U.S. interests. It's against U.S. interests not to be able to sanction violations by Iran of the U.N. Security Council resolutions and we should interpret those resolutions strictly.

So, I think there's -- there's going to be a rough time as this thing turns around, this sort of ship turns around and strict enforcement is applied and we start to apply sanctions as we should be applying for their violation of our laws and for their violation of U.N. Security Council resolutions.

KATULIS: I agree with David that we're in for a very rough time, in part because of the uncertainty I talked about in the region, but also because I think the lack of clarity and uncertainty that we have as yet in a new administration that's only been in office for two months.

And don't take my comment there as just some sort of potshot against the new administration. I actually think every administration in transition has a hard time getting it -- getting their ideas and their strategy together in a coherent way. And my concern about some of these measures, some of which are not fully analyzed, is that if they're not nested in a broader strategy of engagement -- and I by and large am supportive of sanctions measures that are targeted at dealing with bad policy that are inimicable to our interests.

But if you don't have the broader sort of framework of what we're trying to get done in the region, will this advance stability? Because I do think the JCPOA, for all of its flaws, helped advance stability in the short term, but because of all of these other behaviors were left under addressed.

I'm not certain, you know, which parts of the sanctions would be most effective or if other actions actually may be more effective in the field but my bigger concern that I want to register is that given the nature of our policy discussion here, given what one could interpret from the Trump administration so far, we don't have that bigger picture strategy put into place.

So when we start talking about tactics to try to shape behavior, there could be a higher degree of uncertainty if -- if those things aren't really fully fleshed out. And it's my conclusion so far that's not -- it has not been.

DORELL: So I want to talk a little bit about -- Mark, you mentioned the economy and I wanted to talk a little bit about -- I wanted you to talk a little bit about -- a little bit more about where -- how the economy has been performing in Iran. Because since this -- since the deal was inked, but also what were the Iranians promised? And what was the State Department able to deliver?

Does it matter that Iran might not -- may not be getting all their help for, you know, does that -- does that create an opportunity to reopen negotiations and get -- get more different concessions from the Iranians? And I want to add in here that Iranian President Rouhani is facing reelection in May and obviously how he -- you know, his -- part of his goal and his -- his mission is to improve relations with the West and improve the -- the Iranian economy.

So how does that all play out?

DUBOWITZ: So first of all, I think my view is Rouhani's goal is to improve the Iran economy, to attract foreign investments, but to keep strengthening the revolutionary regime and to give Iran a patient pathway to nuclear weapons capability and an ICBM. And I think Rouhani has said that. I mean, Rouhani has actually said that, he's written about it, he said that in the lead-up to the last election.

He actually bragged about how he was able to negotiate with the Europeans and that the deal that he struck with the Europeans, which sounds a lot like JCPOA is, we'll give up technologies that we've already perfected in order to buy time to work on nuclear technologies that we haven't "perfected," quote/unquote. So that's -- that's very much the JCPOA.

You know, give up technologies like -- like IR-1 centrifuges that actually are pretty crappy and break and so, happily take those. Give up stockpiles of low-enriched uranium because you know how to make that. What we want is time to work on advanced centrifuges, they want time to work on a long-range ballistic missile program and ultimately we want to be able to put ourselves in a position where we can develop the possibility of multiple nuclear weapons.

And you don't build multiple nuclear weapons on the backs of first generation Iranian centrifuges. So I think he very much accomplished that goal and it's always important to keep Rouhani's goals in mind. With respect to the economy, his goal is to try and save Iran from economic collapse and I think he did that, I think quite successfully. He came into office and as a result of sanctions and Ahmadinejad's gross mismanagement of the Iranian economy, it was on the verge of collapse.

The economy's not booming by any measure but as I counted some of the statistics, when you go from negative 6 1/2 percent GDP in 2013 to 9 percent positive GDP today, inflation which was hyperinflation of 80 percent down to single digits and you get access to all this foreign exchange reserve, you avoid a balance of payments crisis, you -- he saved the economy and now it'll be, I think it'll be a slow growth economy for a while but I think it's certainly on its -- on the mend.

Now, did we -- did the Iranians get what we promised? Absolutely. Because the Obama administration never promised economic growth. The Iranians asked for that but the administration, to their credit, rejected that. The administration promised sanctions relief and the sanctions relief has been given and anybody who's read that very detailed JCPOA and all its annexes knows how much sanctions relief was actually given.

Now why are the Iranians not getting a gold rush immediately? Well because most financial institutions who want to protect their ability to do business with the United States and their reputation and stay away from massive loss -- lawsuits and penalties, are not going to do business with a jurisdiction which remains a jurisdiction of primary money laundering concern given the illicit activity that continues in Iran.

And so the large banks are not yet going in because they don't feel like they have the assurances from the Iranians that they're not going to be used in subversive and malign ways. And so yes, is there an opportunity for a follow-on JCPOA? I think absolutely. History of arms control suggests flawed deals were replaced with better deals, we negotiated many of these with the Soviet Union when they had thousands of nuclear-tipped missiles aimed at our cities.

The idea that we can't negotiate a follow-on agreement with Iran because this was an agreement with, you know, P5+1 in Iran and this was a new national agreement and we can't negotiate a follow-on agreement's absurd because we did that many, many times. So is there an opportunity? Yes. The predicate's there, the Iranians clearly need more economic relief if they're going to really rebuild their economy.

We need to address these fatal flaws like the sunset provisions and access to military sites. And Iranians definitely need to address what Brian has talked about which are their malign activities in the region because frankly no international bank is going to go into Iran in any meaningful way as long as they continue to support terrorism and fire off ballistic missiles.

DORELL: Brian, why don't you talk a little bit about -- you traveled to the region recently. And tell us a little bit about what our allies over there want and -- and, you know, what can be -- and you also mentioned this -- this precipice of serious problems in the region. So tell us about that.

KATULIS: So over the last four or five months, I've been in Kuwait, UAE, Saudi Arabia. I continue to have an active dialogue with our friends in Israel and Egypt and maybe four key impressions from these visits and I saw most of the top leaders discuss this topic we're discussing today, Iran.

Number one, I think with the new administration, there's, I think, a collective sigh of relief about the Trump administration even if they're not clear exactly what it's going to do. There's this anything but Obama dynamic. And again, clinically just stating that that's their view. There -- where I asked a senior Saudi official, what would you like to see happen on the Iran file and what would you like to see done?

And he said the exact opposite of everything the last eight years.

(LAUGHTER)

But -- which leads to a second point. There was virtually not talk about the JCPOA. I was left with the impression, especially amongst our Gulf allies, that they're not digging into the annexes, nor have they, about the details. They have a broader, more general and vague concern

about Iran's role in the region which leads to a third point. When I asked repeatedly of some of the most senior officials in these countries, what precisely do you want to see happen and in which theater?

I have to be honest; I was left with a lack of clarity about their positions on certain things. And I want to stress, that is a problem for the broader goal of crafting a strategy of stability in the Middle East. That is a problem for the topic we're discussing today, addressing Iran's illicit activities.

My philosophy, and a lot of it was in this report we put out last year, "Leveraging U.S. Power in the Middle East," is that a new administration -- we wrote it before our election -- was no matter what they should do, they should try to work closely with long-standing traditional partners in the region. And this is a lesson, I think, drawn from not only the Obama experience, but I also think the Bush administration made some mistakes too.

And just vis-a-vis Iran, Iran had had a tremendous dozen years in the region. It has punched far above its weight, and even though its economy may be slightly on the mend, it does not have the sources of power that some of our long-standing partners, Israel, the Gulf countries, Egypt and others. It does not have that power, yet it has been able to see more gains. Iran has in the last dozen years.

So to really turn it around, the sort of measures that are in this legislation, the sort of things that might be designed to improve the JCPOA, I want to stress this point, should be one piece of a broader picture of how do we actually help build the partners in the region a more sustainable fabric. And my worry is that some in the Gulf region only have this general notion of, "Oh, they're not Obama, they might be tougher on Iran," and some in the administration, as far as I can tell, have not clarified the precise tools.

I think some of the early returns, you know, are missed. When Michael Flynn said we're putting Iran on notice, it worried me because I wondered if he was gonna say he's gonna send them -- send them to bed without their dinner for a week. But I was reassured the next day when there were targeted sanctions on missile defenses.

And so I think, you know, we're still -- and this is why it's important to have this discussion. We're still in a period where experts, like all of us and you, can help formulate the right proposal. But if we -- if we simply get stuck on the tactics and if we don't also take into account the necessity of working with our partners and instead of, as the Obama administration, framing weapons sales and all sort of systems to Israel or Saudi Arabia as reassurance for the Iran nuclear deal, which I thought was inherently good, but rather a start of a conversation of how we can actually help work together to stabilize places in the region, that would be a better framework rather than just getting stuck on the tactics of sanctions against IIRGC or other things.

DORELL: So tell us -- sort of list for us -- list a brief list of the things that there -- that -- the concerns that they did describe to you. And also, how are -- you know, what changes are we seeing already in the region from our -- you know, from our allies? I guess and maybe from Iran.

In response -- in response to the Iran deal and to -- you know, to Iran's behavior since it was -- since it was signed, how are countries, you know, reacting now? What should we expect to see as time passes and Iran gets closer to being able to build this industrial-scale nuclear program that Mark talked about?

KATULIS: I -- I just have two main things. One, a strong desire to continue the conversation that the Obama administration began in the GCC forum. They had two forums; one here at Camp David and then one in Saudi Arabia. And it yielded a number of different discussions that produced only, you know, meager, as far as I can tell, and very few tangible results on integrated defense systems, on things like air defense, on cybersecurity, which is a tremendous issue.

Those sorts of forums and that discussion need to continue. I'm not certain -- I think the Trump administration actually has taken some good steps in just simply in the optics of meeting with some of our closest partners early on and trying to rebuild the trust. I worry that it's just optics at this point. I'm sure there's some discussion happening, but continuing those detailed discussions on the -- a good defense is one part.

Second, more detailed discussions on each of the different theaters where Iran has been one of many actors undermining the state system; Yemen, Syria, Iraq, I would even say Lebanon in some ways. But the coherence of the nation-state system and its stability is something that should trouble all of us in the Middle East. It troubles some of our long-standing partners. When I ask them the question over years, what would you like to see, they say a restrengthening of the state system. If you go to Riyadh and ask two years into the Yemen war, how's that working out for you, I think the honest answer is it's quite mixed.

So the key thing is not only sort of the defensive measures against Iran's support for terrorists proxies and allies like Hezbollah. I think the Obama administration -- my inference is that it did not use all of the tools in the toolkit, sanctions and other things, to actually try to constrain the behavior of Iranian proxies. That would be one thing I think some of our partners would like.

But the main point is we need to talk to them about it, unlike the nuclear deal, I think, was largely executed in the P5-plus-one framework and not in a framework of trying to build sort of a framework for greater confidence and stability with our partners, but also a discussion about regional security measures that we might encourage multilaterally, first with our partners and then perhaps in the long-term, if Iran changes its behavior, a more stable framework.

ALBRIGHT: Let me just add another dimension to that.

I mean, the JCPOA unbalanced motivates nuclear proliferation in the region and it's hard to believe that if Iran develops nuclear weapons, Saudi Arabia, Egypt maybe and Turkey is gonna maintain their existing commitment to the Non-Proliferation Treaty. And so I think one thing the Trump administration needs to think about, particularly with Saudi Arabia, is how do you head off the development of fuel-cycle facilities?

I mean, the JCPOA is inherently unfair on that, but a country that violated its commitments ends up with a centrifuge program. With that being said, two wrongs don't make a right. And so I think the administration needs to ensure that Saudi Arabia commits not develop enrichment and reprocessing and ties that, or uses leverage of conventional weapons support, security support, and part of that should be a commitment that they will not go to Pakistan for fuel-cycle assistance.

But I do think that -- that's it's a problem that if -- if the deal survives, we have more time. If it doesn't survive, we have less time. And I think those countries are gonna try to pursue or at least think about pursuing nuclear weapons because they don't want to be the only ones in the region that don't have them.

DORELL: Are we seeing -- are we seeing evidence of that happening yet? You know, what's -- what's happening on -- on that front?

ALBRIGHT: Well, I think in Saudi Arabia, what you see is a commitment to develop a very robust nuclear intellectual infrastructure. They are also trying to buy nuclear reactors, which on the surface are innocuous, but if -- but if you put together an infrastructure that can then go into fuel-cycle, you can then broaden your approach.

I think in our own assessments, we think if the JCPOA holds, that they're not gonna do anything or make any decisions for several years. But the -- they have not committed not to have enrichment and re-processing. They have pointedly taken steps to avoid that, including efforts to kind of lure them into very large-scale nuclear power cooperation agreements that came out of this country. And -- and they -- and they don't want to do it.

And so, I think the -- if -- if it -- as I said it, if the JCPOA holds, there's time. But I think what's happened is no one's paying attention to it. I mean, this -- this idea of a gold standard has been somewhat discredited. Saudi Arabia can argue that how can you deny us, which it gave a committed cheater. And -- but I think that has to be turned around and U.S. has to integrate it into its approach that it wants commitments that they will not build fuel-cycle facilities.

DORELL: If -- if they or -- or any -- any other of the Gulf nations wanted to be competitive or on par with Iran, when would they have to start?

ALBRIGHT: Well, they've already started. I mean, I think their -- their commitment to nuclear power was probably a commitment to hedge Iran. It wasn't that suddenly, they decided that these -- that it was so much oil they needed nuclear power. I mean and with alternatives. It's -- it's -- nuclear power's a hard argument to make as -- as a necessity. And so, I think they -- they already -- they are hedging.

The lesson, at least from a technical non-proliferation point of view, the lesson of Iran is make sure whatever you do is -- is open and under safeguards and don't -- the clandestine is just too dangerous. I mean, you can't do everything that way, but -- but it's better to build the infrastructure openly and then be able to misuse it later.

And -- and the one exception in Saudi Arabia is -- is what is the exact relationship with Pakistan's nuclear program. I -- you know, in our research, we do not believe Pakistan has promised Saudi Arabia a nuclear weapon. We don't think they've promised in a NATO-style deal of a non-nuclear weapon stat. But -- but we're not so sure about the fuel-cycle assistance that would be safeguarded. I mean, it -- it -- I would guess.

And so, it'd be an -- it would be an -- an offer. And -- and the argument would be look, Iran has it. They imported a lot albeit legally. But none the less, you accepted that and -- and it's under safeguards. Why shouldn't we buy something from Pakistan that would also be under safeguards?

DORELL: So, I want to open -- open this up to the audience if anybody has questions.

Go ahead. Yeah, please wait for a microphone. Thanks.

QUESTION: I'm Peter Humphrey intel analyst, former diplomat.

When I was privy to what was going on in the Obama administration, at the very highest levels, it was clear that they were counting on regime change during the 15-year period. But they didn't actually do a darn thing to help bring it about. So now -- now, we're facing a situation in which Iran is going to construct a naval base in Syria, bigger than Tartus. They're going -- they have Quds forces near al-Quds. They have other IRGC units near the Golan Heights and this -- they have serious stuff.

And so, when did regime change become a dirty word? Where's the massive broadcasting that informs the Iranian people about their millionaire mullahs? When do we unleash the covert operators?

DUBOWITZ: Can I -- can I just grab it for a second? It's very interesting. I -- I wanted to actually raise this before.

But I -- I just read a fascinating book called "Victory" by Peter Schweizer and the book recounts how the Reagan administration came in in the early 1980s in, you know, in a time where sort of prevailing conventional wisdom about the Soviet Union. And -- and everybody knows the story. Reagan declared them the -- the evil empire.

But what -- what people don't know and the book recounts is that Reagan instructed his national security council to develop national security decision directive 75, NSDD 75, which was essentially a interagency plan to subvert and roll back Soviet power and using all the instruments of American power to bring down the Soviet Union. So, overt, covert. And that was economic, financial, military, cyber -- cyber at the time. But a political undermine -- undermine the regime, undermine Soviet power.

And I think what -- and Brian really referenced this. What I think we're missing is an Iran version of NSDD 75. We're missing a plan to essentially bring about regime transformation, right? Because the Obama administration's nuclear deal is absolutely predicated on regime transformation.

The deal makes no sense unless in 10 to 15 years, there is a moderate, pragmatic, responsible government in Tehran, because if it's the same regime ruled by a new supreme leader who will be I think as -- as brutal and severe as the current one, then we're basically giving the same regime an industrial-sized nuclear program with near-zero nuclear breakout, an advanced power -- advanced centrifuge power clandestine sneakout, an ICBM and a trillion-dollar economy at the time and regional dominance that you -- you mentioned, right, with this land corridor from Tehran all the way to the Mediterranean.

So, if that doesn't happen, we are in a whole lot of trouble. And my view of the Middle East is always expect the worst and be surprised on the upside, but don't expect the best and then it be devastated on the downside. I think that would be a fair summary of the American experience in the Middle East.

So, we have to be planning for -- for a decade from now. And I think we need an all-of-government assault on the Iranian regime, exactly as you -- as you've referenced. And it has to be strategic, not just tactical as has Brian said, and it cannot be sanctions-reliant only. You know, the biggest problem I think I've seen over the 13 years of working this issue in this town -- and I've been partly responsible for this -- is the sort of obsessive focus on sanctions as the only instrument of American power that we're going to use against Iran.

Sanctions are absolutely an important part of the toolkit, but without the credible threat of military force, without a serious covert action program, without a serious use of cyber, without a political program to undermine this regime, we are not going to -- we're gonna be in a pretty terrible position in 10 to 15 years.

I'll just conclude with this. Supreme Leader Ali Khamenei said recently, "We are on the edge of a cliff." And what was he talking about? He was talking about 2009 democratic counter revolution, the Green Movement. He was talking about the fact, as he recognizes, the majority of his people despise his regime. And he was talking about the need to -- to use instruments effectively, instruments of oppression to ensure that the regime stays in power

When Ali Khamenei admits that he's on the edge of a cliff, the new administration should do everything possible to support the Iranian people in pushing him over that cliff.

KATULIS: I -- I have a specific answer to when regime change became -- became a dirty word. It was November 7, 2006, that's that day. It was the day of the mid-term elections in this country. And I don't -- I'm not being glib here, I actually think the political support for the sorts of tools that I think are terribly important to help societies transform themselves. I stay away from the phrases like regime change or even using regime transformation because I -- I started my career in this field in the 1990s.

And I actually think we do an enormous amount of benefit when we're engaging with societies, societies that have populations that actually share a lot of our values. And I think Iran is that. But the problem is—why I put it at the mid-term elections there is that, you know, even in the Bush administration, there was this turn towards realpolitik pragmatism, if you will, and a turn

away from values-based agenda. We certainly did not see anything akin to that in two terms of Obama and the under-investment in it.

And the second part I'd stress, because this is a very live issue, proposals to cut the instruments of state that we have, the State Department, USDA, broadcasting networks by a third actually tie our hands behind our back. Going back to my broader point about the need for a holistic, integrated strategy that uses all of the tools of power with Iran and with the Middle East.

As I see it, just two months in, it's too early to tell. I'm not encouraged that the new administration has anything but a heavily focused military and intel-centric strategy. I favor those goals, those are part of the toolkit, but unless we're actually investing in those resources of power, as we did for decades, we will continue to lose in the region against Iran. We will continue to lose against China and Russia and we've lost our language in how we talk about this.

Call it what you want, a battle of ideas, a battle of the information war, or political warfare as it seems to some today after last year's election. This proposal, I want to highlight, to gut and cut the resources of our own power, a key part of it, will actually hurt us in an ability to try to constrain Iran's illicit activities in any effort to try to advance stability in the Middle East long-term.

ALBRIGHT: I couldn't agree more.

DORELL: Any other -- go ahead.

QUESTION: You mentioned Saudi Arabia. I'm curious how you all see things playing out in Yemen, with this new administration has been talking about Iran's role there. Do you see maybe a major change coming? And how does the U.S. military push back against Iran in that part of the world?

KATULIS: I think we already see some hints of it, but still, just very tactical. I don't yet see a strategic shift on Yemen for years now and for several years. The United States and its partners in the region, I don't think have had the best strategy that tries to advance stability there.

The -- the changes I think we see are more of a focus on targeted raids and actions. And this is -- again, you can have a whole seminar on each of these theaters, where I was talking about how we need to have a robust discussion with our partners in Saudi Arabia, in the UAE and with Israel as well. Where you push and how you push against Iran and whomever they're supporting in Yemen, Syria, Lebanon, Iraq, it has huge implications for the overall long-term structure.

I fear right now the current path we're on in Yemen and along with our Gulf allies leads to further fragmentation, which produces more space for non-state actors like al-Qaida in the Arabian Peninsula to rise up and become a bigger threat. Again, I'm not blaming the U.S. for this, I just think the absence of a holistic strategy that's negotiated and discussed with our partners and the key component here is the thing that's been missing, is linking security and military measures we're taking or the Saudi-led GCC coalition is taking, linking that with any sort of framework for a diplomatic process that ultimately stabilizes the country.

We know from Syria, easier said than done. We know from Libya, terribly hard to do. But unless you actually have that component of our strategy in place and talking robustly with our traditional partners and using our leverage to shape their actions, I fear in Yemen, what you're likely to see, maybe in short order, is the expansion of a famine and humanitarian crisis that produces a security environment that is not favorable to our allies or to -- to the United States.

DORELL: I wanted to -- I have a couple of questions that were sent to us in advance that I want to share with our panelists also. Dylan Frost is a legislative assistant for Representative French Hill. How can the U.S. continue to go after and expand targeting Iran's financial assets? What other methods are useful besides sanctions?

DUBOWITZ: So, I think they are many. I mean, David...

DORELL: And I would add -- I'm sorry.

DUBOWITZ: Sure.

DORELL: Can this be done without endangering the JCPOA?

DUBOWITZ: So let me take that right off the table because, as I mentioned earlier, we have to get beyond that. I mean, we have to get beyond this fear that we have in everything we do to push back against Iran's malign activities will lead the Iranians to walk away from the deal. We have to challenge them.

And as I argued earlier on, I don't think the Iranians are gonna walk away from the deal, certainly not in the earlier years, because A, they need the economic relief to rebuild their economy and B, the deal is advantageous for them. In fact, they have every incentive not to cheat, they have every incentive to follow the deal and every incentive to watch the restrictions disappear and sunset over the next two years.

In terms of going after illicit financial activity, I mean, there's much we can do. There is certainly -- David mentioned the prosecutions. I mean, many of these prosecutions against illicit actors who were involved in procurement, involved in illicit financial activities were effectively stalled under the Obama administration, much to the frustration of -- of prosecutors in the southern district, and Manhattan district attorneys and elsewhere in the country who had been building a fairly robust pipeline of these cases.

I think that is now really fundamentally changed in the new administration. I think they've effectively green-lighted those prosecutions, that's important. I think it's very important that we continue to target the revolutionary guards because much to the surprise maybe of many, in 10 years, we've only designated 60 IRGC entities, which is pretty remarkable, only 60.

So FDD has got a database today of 850 IRGC entities that meet the designation thresholds and that we've been able to gather from -- from open source information, raiding commercial registries, Tehran stock exchange and other open source databases. So 850 compared to 60 and we're only the tip of the iceberg. I mean, there are thousands of IRGC entities involved in Iran's

financial activities in key strategic sectors of their economy. And that's designations, sanctions, prosecutions and it's particularly using the threat of secondary and tertiary sanctions against international banks and companies that do business with the IRGC. That's important.

One thing that we made a huge mistake doing in the JCPOA is we de-designated the supreme leader's holding company called EIKO or *Setad* which is a \$95 billion holding company according to Reuters, probably more. The supreme leader has basically misappropriated, illegally expropriated Iranian property to build this financial empire. I don't know why it was de-designated because it has nothing to do with Iran's nuclear program but we effectively gave the supreme leader a massive financial windfall because now that holding company can do business globally with international companies and banks indeed is signing these deals.

I think there's no reason that we should keep that entity designated. We should re-designate EIKO and send a message to the Iranian regime that we will not tolerate your corruption, your illegal expropriation of Iranian private property and we certainly are not gonna let the supreme leader continue to build up this massive war chest. I could go on and on, but I won't.

DORELL: David?

ALBRIGHT: Yeah, I think they're -- I won't talk about sanctions or -- and I'll stick to the nuclear, but Iran has, to be generous, pushed the envelope considerably on -- on its activities within the JCPOA and -- and it wouldn't be that hard to start considering these as inconsistent with the JCPOA violating or -- caps on heavy water, exempting low-enriched uranium.

And within the joint commission and the procurement working group, the United States has tremendous power to just say no. I mean, I would hope the administration is taking the position now that any -- any request at the procurement working group for an export to Iran is met with a -- a no, unless there was some precondition allowing it.

And you want to be able to stop Iran developing an indigenous capability to make low-enriched uranium fuel. It wants to create a precedent for a large enrichment program. It can only do that if it's making a large amount of low-enriched uranium fuel. It needs to start that process now. It needs to import uranium and it needs to seek additional exemptions to the 300 kilogram cap in order to pursue research and development of this fuel. And -- and you can just say no to that and block Iran's ability to put together an indigenous capability to make low-enriched uranium fuel.

And then, when you look out, you can start to create a policy that says look, these conditions should not sunset. The policy of the U.S. government should be that a 12-month breakout criteria is permanent, bans on going -- going above three and a half percent enriched uranium is permanent. And -- and one would hope that Congress could legislate some things in that direction and the administration could take that as a position, and then that would guide a lot of these decisions that are made, in some cases monthly, certainly quarterly in many cases, within the governing mechanisms of -- of the JCPOA.

DORELL: David, the -- I want to ask you about that because -- so these -- some of these issues, these sunset provisions, are part of the JCPOA and if -- if I were an Iranian official, I would

say, "Well, you're trying to renegotiate the deal. You can't do that and now we're doing business with Russia and China and they're not going to go along with you."

And I mean, how does that -- how does that play out?

ALBRIGHT: Well, in -- in -- in many of these, it -- it plays out by just saying no. I mean, Iran wanted to import up to 900 tons of uranium without a need. It just wanted to be able to turn 300 tons of it into uranium hexafluoride, get its -- its Isfahan facility operating again, sell it internationally. And Britain blocked it at the joint commission in December, much to the chagrin of the U.S. -- of the Obama administration.

So I think it -- and I'm sure this will come up again. Iran actually leaked that this happened and I would expect that it leaked it because it plans to bring it up again at the upcoming joint commission meeting, which is in April. And -- and I would hope in this case, the Trump administration is willing to say no. And so I think there -- there are many opportunities because Iran pushes the envelope.

There's also opportunities to make our own interpretations. Iran feels it can go out and its atomic energy organization can ask for anything nuclear, and it has done that twice in Europe, asking for carbon fiber, which is controlled, and it's asked for hot cell that is -- that is banned. And -- and it's up to the supplier to catch it, report it to its government and then deny it. If Iran tries that in China, it very well may succeed.

So I think interpretation would be Iran has to report all its efforts to the -- to the joint commission when it goes out to seek items that are explicitly controlled under the JCPOA.

And I could go through many others. I mean, Iran's pushing on the centrifuge R&D. It wants to -- it's constantly pushing the envelope. I mean, if you just take a position, no more and that you interpret the JCPOA in a -- in a -- in a way that benefits the United States, which is centrifuge R&D isn't a great thing for U.S. interests and we certainly shouldn't allow them to do more than they -- than the strictest reading of the deal.

And then -- and then the bottom line is, the United States never signed on that it's OK that Iran has a massive enrichment program after year 15. I mean, it -- a lot of people supported that. It's implicit, but there's no -- no agreement that says we have to accept that. And so I would just say it's an unanswered question that -- that -- and the U.S. position should be no, we're not going to accept that, it's too dangerous, and that it -- it needs to be stopped. And at that this crisis -- in a way, this truly is an agreement that kicks the can down the road.

And what I would argue is, OK, let's accept that, but we'd better start preparing for that soon and start demanding things from Iran and leading Iran to expect that -- that this isn't over yet and that they don't have a clean bill of health and they don't have the right to develop a large centrifuge program.

DORELL: So on -- I'll get to you in a second.

On that issue of, you know, what we should expect from Iran in the future, we also got a question from Steve Traver who's a legislative fellow for Representative Steve Pearce. And he asks, "How do we know what's going on in the off-limits military bases?" And you know, the answer to that is that's something that we can, you know, that the United States can -- can gain -- can gain more concessions from on -- from Iran.

ALBRIGHT: I -- I mean, well, first of all, there -- there -- the IAEA has the right to go to any site in Iran. I mean, that's under the comprehensive safeguards agreement. The issue is Iran says no, and then what do you do about it? And that's where things have stumbled.

There's another twist to this now. Under the JCPOA, it's section T, there's certain activities related to nuclear weapons development that are banned. Under the U.N. Security Council Resolution 2231, the IAEA's mandated to go out and verify the JCPOA. They can ask tomorrow to start visiting military sites associated with these banned activities to gain assurance they're not going on.

And so I think another message has to be that the IAEA -- to the IAEA is look, we're going to support you. The Obama administration -- and this is really why I never supported the JCPOA. The Obama administration -- I made this clear to them back in 2014, 2015. The Obama administration threw the IAEA under the bus essentially and the -- and the -- if the administration supports the IAEA, they will ask to go to these sites. I know they've already asked to go to one and was turned down by Iran.

But they'll ask because it's vital to their mission, both for -- in terms of safeguards and in terms of verifying the -- the JCPOA. But they're not going to go up against the United States and its allies to do that and they -- they do need the support, and I'm -- and I'm hoping that the Trump administration will -- will provide that support in a -- in a very strong way.

DORELL: OK, thanks.

Mark, the JCPOA gave special dispensation, I would say, to Boeing and Airbus to sell airplanes to Iran, which wants to buy dozens of airplanes. They've got deals on the table, but Iran Air has been making these suspicious flights that analysts say support Syria's Assad regime -- regime. What should -- how -- how should this play out? How -- how should the -- the -- the world and the United States, the E.U., deal with -- with these -- these airplane sales to Iran?

DUBOWITZ: So I -- I am very confident that these dozens of suspicious flights that have taken place are carrying hundreds of thousands of kilograms of missiles and Katyusha rockets and hundreds of fighters to Yemen and Syria. So -- I'm -- I'm very confident of that.

So this is not just all these flights that you've seen in open source flight tracking systems where the flights go from Abadan, Iran -- a Revolutionary Guard resupply base on to Damascus or to Yemen. And you're thinking to yourself, what -- what's in those planes? Why is Iran Air flying those suspicious routes? Maybe they're Iranian pilgrims who wanted to visit holy sites in Damascus. Maybe it's full of medicine and humanitarian goods.

Well, no, it's not. They're actually -- literally in the past few months, right, past few months with almost \$50 billion of deals on the table with Boeing and Airbus to supply top of the line passenger airlines to Iran Air, which was supposed to help revitalize Iran Air's civilian aviation market and put safer planes on the runways for Iran's people, Iranian regime has decided to use Iran Air to ship weapons and fighters to Syria and Yemen.

So now, what -- what does that mean? Well, number one, that's in clear violation of the JCPOA. It's in clear violation of the OFAC license that authorized Boeing, Airbus and others to actually sell these planes. And it's a -- it's a -- it's a quite incredible example of Iranian -- I don't know what the Farsi equivalent of chutzpah is, but I mean...

(LAUGHTER)

It is chutzpah, audacity, gall and is quite remarkable. Right? So, if you're Iran, why would you use Iran Air to send fighters and -- and weapons, right? Why don't you use Mahan Air, right, which has already been designated -- remains designated? By the way, continues to fly to European capitals and Gulf capitals, despite the best efforts of the U.S. Treasury Department to convince our allies to -- to ground Mahan Air and not give it landing rights.

But why would you use the Iran Air that got de-designated on the JCPOA, that's gonna be the counter party for Boeing and Airbus for these billions of dollars of deals? I don't know the answer to that, but it's remarkable to me that Iran has decided it doesn't care and literally is daring us to do something about it.

And these deals seem to be moving forward. Airbus has already delivered two planes with a third on the way. Boeing will start its deliveries early next year. And yet, Boeing and Airbus, two enormous companies, you know, incredibly important to our economy, to Europe's economy, are selling their planes to an airline that today is conducting the kind of malign activities for which it should be redesignated, right?

It was designated in 2011 for doing exactly this. It got de-designated under the JCPOA because that was a concession -- a very big concession we gave Iran. And lo and behold, you know, a year and a half later, they're flying these routes. And again, hundreds of thousands of kilograms, Katyushas, missiles, hundreds of fighters in these Iran airplanes. I'm very confident that that is taking place.

And I would hope in -- in the -- the bills that have been introduced in the House and Senate, that during the amendment process, that somebody who is concerned about this would introduce an amendment requiring the U.S. intelligence community to do a thorough review of Iran Air's activities and confirm what I'm very confident of, and that is that these flights are taking place and this nefarious cargo is being delivered.

Report, find out what's going on, and then if indeed, it's true, redesignate Iran Air, suspend or withdraw the OFAC license and protect Boeing and Airbus from a situation where they could face enormous legal reputational damage by having their planes used for these malign purposes.

DORELL: And with that, I think we're -- we're out of time. So thank you very much for joining us.