

061219 Air Force Association, National Defense Industrial Association, and Reserve Officers Association Capitol Hill Seminar with Ilan Berman, Vice President of the American Foreign Policy Council; and Benjamin Taleblu, Research Fellow at the Foundation for the Defense of Democracies, on “Nuclear and Missile Proliferation: China, Iran and North Korea”

(For additional information on AFA/NDIA/ROA seminars contact Peter Huessy at phuessy@afa.org).

MR. PETER HUESSY: Good morning, everybody. This is kind of our annual breakfast seminar series that deals with Iran. I chose this date, in particular, because it's the anniversary of President Reagan asking Gorbachev to tear down the Berlin Wall. Claudia Rosetti was going to be here but she can't get back from somewhere in upper New York state where she's having travel problems, so she couldn't get back here this morning.

So, I asked an equally gifted speaker, Ilan Berman, to come and talk about two issues. One is, Ben Taleblu is going to talk about the Iran DPRK cooperation on both missiles and nukes. Then Ilan is going to talk about, in that context, the lessons of the Joint Comprehensive Program of Action and how that fits in with the summit which we just had yesterday.

Ilan, as you know, is the Senior Vice President of the American Foreign Policy Council in Washington, D.C. Ben is a Research Fellow at the Foundation for the Defense of Democracies, and he focuses on Iran, security and political issues.

Just a few housekeeping things. On Friday, on June 15th at the Heritage Foundation at 10 o'clock, we have the second in a series of Reagan Legacy Projects, which I am co-hosting with Becky Dunlop. This is a review of Reagan's national security policies and their lessons for today. The first one was March 22nd on missile defense. On June 15th it's going to be nuclear weapons. We're going to do one on the Navy. We're going to do one on space. We're going to do one on the threats to Western civilization represented by Reagan's speech at Westminster in England in June of 1982. We're going to do a series of eight on national security and foreign policy issues, and then Heritage is also going to do a series taxes and regulation, trade and economic things that Reagan did. That's the 15th.

On the 21st Mike Rogers, Chairman of the Strategic Forces Subcommittee on the House Armed Services Committee will review what the House did on the Armed Services Committee's bill and the prospects for conference. General Greaves, who is the head of the Missile Defense Agency -- and hopefully we'll have the Missile Defense Review out by then -- will speak on June 26th. For those of you who might be interested, we are doing the 16th of our Triad Conferences since 2011 in Kings Bay, Georgia. Sponsors as well as special guests, we have reserved space for you on a tour of the boomer, on an Ohio-class submarine that will be in port. Actually, hopefully, two will be

in port. There General Hyten is going to be our keynote speaker for that event.

With that, I want to thank you all for being here. Ben, I want to thank you for being here, and Ilan, of course. Would you give a warm welcome to Ben Taleblu of the Foundation for the Defense of Democracies?

(Applause).

MR. BEN TALEBLU: Good morning, everyone. Thank you for coming this morning. It's actually quite beautiful today, and Go Caps! Good luck driving on Constitution Avenue after 11 a.m. today. How long do I have, Peter?

MR. HUESSY: Fifteen to 20 minutes.

MR. TALEBLU: I won't go over. It's Iran, and at FDD I cover Iran issues wide and deep, I like to say, so missiles, military, nuclear, economic. So feel free to pepper me with questions after, right Peter?

MR. HUESSY: Yes.

MR. TALEBLU: Or just write it down. I'll try to touch on a lot, but I definitely want to go over three or four key things that Peter mentioned. Some of them are particularly prescient because of what happened yesterday, the Trump-Kim Summit in the evening in Singapore, the result of a policy, basically a nonproliferation first policy, that focuses on nuclear only while looking to deal with threats posed by a regime that poses more than just nuclear threats; so missile, military, conventional, cyber, terrorism -- North Korea is back on that list -- and the implications for its relationship with Iran.

I'll begin by saying Pyongyang is not the place that you would think to take your family on a vacation. But Iran's first, quote-unquote "moderate" President, Hashimi Rafsanjani, the man who tried to apply the China model to Iran, thought he should take his family to vacation to Pyongyang, not late in his life, but while he was actually advancing in his career as speaker of parliament and then as president in the early 1990s. Rafsanjani was one of the people chiefly responsible for cementing a relationship that had been quickly growing after the 1979 revolution toppled the U.S. ally, the shah of Iran.

North Korea, like several other nations, were quick to welcome the change in the balance of power in Tehran's domestic politics, and were quick to hopefully find a way to capitalize on that in terms of commerce. The Soviet Union began to sell Iran more weapons, but not that much more. North Korea began to make inroads in Iran's defense industry, and for those of you who are familiar with Iran's defense procurement, past dependency is key.

One of the lessons of the Iran-Iraq War was self-sufficiency, but another lesson of the Iran-Iraq War was that there are few states you actually can trust; and North Korea

was one of those states that they actually could trust. There's obvious arms exchanges, but the one I want to focus on today is missiles. There was a delegation in the early 1980s -- once Saddam started lobby Scuds at Aderan (ph) and then later Tehran when he had the Scud-ER, the al-Hussain -- that went to Libya, Syria and North Korea. This delegation basically formed the basis of Iran's ballistic missile program, which we've had three Directors of National Intelligence say that quantitatively is the most robust arsenal in the Middle East. So in terms of numbers of missiles, Iran now has the largest number of ballistic missiles in the Middle East.

The delegation to Libya was focused on procurement of the Scud-B. The delegation to Syria looked at TELS and also how to actually develop a missile command. One of the entities that was sanctioned by the JCPOA, the al-Gidar (ph) Missile Command, is a subordinate of the IRGC Aerospace Force, which is a subordinate of the IRGC, and that entire chain of command was basically set in place by Syria's involvement in helping Iran create a missile command.

But in the third leg of that triad was the outreach to North Korea, which also provided Scuds to Iran and know-how to fire them, how to launch them, and how to make these things mobile. That, out of all these other axis, the Syrian one was terminated and the Libyan one -- A.Q. Khan and nuclear aside -- was terminated. But the North Korean one continued robustly after the Iran-Iraq War, so much so that the Nodong-A, the medium-range, liquid fueled ballistic missile, became the basis starting in the 1990s for Iran's ballistic missile program. Almost any variant you see in Iran's ballistic missile force today is derived from that North Korean gift to Iran. I don't want to use the word "gift" because that connotes no payment, but it really was a gift because it had dividends that went beyond its material value.

So when you look at the Nodong-A, this liquid fueled MRBM, similar Scud airframe, conical warhead, the improvements Iran made to that in decades of testing in the 1990s and early 2000s, over time yielded this ballistic missile called Ghadr, not to be confused with the Kadir or the Fadir, because Iran likes to come up with these different names to confuse Western analysts. Sometimes I think for those of us who are focused on the long game with Iran, just keeping up with the news cycle, Iran has put these things out there sometimes with a fiberglass airframe just to say, we have this missile, and then never test it again, and that confuses all of us. But something that they do have and have sufficiently tested -- and I actually believe is operational -- is the Fateh, which is a variant of this Nodong-A.

The Fateh has a slightly longer airframe, a less heavier warhead. I don't want to get into high explosives, but it carries a slightly lighter payload. Fadeh can be modified to have a tri-conic warhead. They've done that, they've tested that several times.

And this big missile became the basis for one of Iran's earlier SLVs, their space and satellite launch vehicles, which multiple U.S. intelligence reports have said could provide a pathway for an ICBM. The main missile that the Fateh variant -- which is again a variant of the Nodong-A provided to Iran, was the Kaloshgar (ph) and then later

the Safir. In the past, I would say half decade, you've seen Iran shift from the Safir SLV to testing this other SLV called the Simorgh, which has a similar cluster of engines that the North Korean Unha (ph) has.

But again, that cluster of engines, if you look at it, it's the same kind of liquid fueled engine which actually comes from the Nodong-A. So there is this one thing that North Korea has given Iran, this one material thing, the Nodong-A, which has yielded so many different missile pathways the Islamic Republic. Much of Iran's creativity is based on having this missile, experimenting with this missile, technical exchanges between North Korea and Iran, so much so that a lot of Iran's defense ministry subsidiaries, entities like SHIG, Shahid Hamat Industrial Group (ph), and entities like SHIB, Shahid Basra Industrial Group (ph), all of these are targeted by the U.S. Treasury Department.

At least one of these two entities, if not both -- I have evidence of one of them -- actually went to North Korea, had scientists in North Korea. We don't know if it was concurrent with a nuclear test or concurrent with a ballistic missile test, but they actually went there to monitor some of these developments.

The problem with having this information reported to you second-hand -- also the problem with having this information reported to you first hand through U.S. intelligence versus second-hand through actual media reporting, and I got this from a North Korea guy who will remain nameless -- is if you have it through signals and satellites and whatnot, some of the things that you see reported may not actually be the case. So North Korea recently did an RV test. They tested the heat shields of an RV about a year ago. But had we seen that through signals and satellites it would have looked like an engine test because they simply put the RV under the engine and then basically turned the engine on to make sure that the heat shield was sufficient to shield the actual warhead. The problem is, KCNA, the Korean News Agency, was the one who reported that. So what they are doing in Korea is similar to what Iran's FARC News Agency is doing and what Iran's semi-state owned outlets are doing, which is touting some of these technical achievements. The main technical achievements, again, are all based on this variant, this Nodong-A gift to Iran.

Over time you've seen peaks and troughs of Iran's ballistic missile testing, like many missile power, but in the run-up to -- and I'm going to touch the third rail here twice -- the nuclear deal, the JCPOA, you saw a downturn in ballistic missile testing, basically since the interim deal from 2013 to 2015. This is all based on open sources. But once we got the JCPOA, which -- is this off the record?

MR. HUESSY: However you want to do it.

MR. TALEBLU: Okay, just one quick thing not for attribution, in 2014 we were in a little off the record thing with a European diplomat, and this was after February -- it was at one point in 2014 but after February 2014 when the Iranian press initially reported starting in February, that we will not negotiate over missile power. February 2014 matters because it's about a month after the interim deal was implemented, the JPOA. So

I had the last question in that panel roundtable and I asked, you guys are intent on living up to the letter of the UN Security Council resolutions. 1929 had some pretty stringent stuff on ballistic missiles. Here is this background on Iran-North Korea missile technology. What are you guys going to do about it? How are you going to include delivery vehicles in this larger, admittedly stove-piped, discussion on the nuclear threat?

He said, don't worry about it, of course we're going to bring in missiles. Lo and behold, concession after concession -- likely U.S. led -- ballistic missiles and the delivery vehicles were not included in the text of the JCPOA. You had the watered-down restrictions and prohibitions in the UN Security Council codifying it. And we are in a world created by that strategic mistake.

It's hard to think of a nuclear deal that doesn't address delivery vehicles, that doesn't address the most likely delivery vehicles, especially when you have a lopsided nuclear deal where you're not looking to achieve parity between states and states. You're not reducing the number of missiles on both sides. You're trading economic leverage, you're trading away this leverage with requires market forces and politics to actually create a coalition to build, for a cap in capabilities. So you're trading something material for something more immaterial. That's another little fault of the deal, there.

But there was no missile provision strong enough to really include that. Every time Iran tested a missile, starting in 2015, we went to bat against other people in Washington who would say, the language is quite watered down and it's a non-cooperative (ph) clause, it's non-binding. We went all over the place with this.

But with respect to the actual capability, Iran increased ballistic missile testing after the deal. So once the deal was -- I don't want to say inked, because not even Jake Sullivan calls it an agreement, he calls it a plan of action, literally. So I'm going to have to revise some of my criticism of the deal to not even call it a deal, to call it a plan of action instead.

Once they got that plan of action in July 2015, starting in August of 2015 you began to see an up-tick in ballistic missile testing by Iran. First, in August, a short-range ballistic missile, a variant of this one, the Fatah 110. This one is called the Fatah 313.

Then in October, another missile which had the same airframe based on the Fateh airframe, based on the Shahab III airframe, which is the Iranian variant of the Nodong-A. With this new kind of warhead Iran claimed to have a maneuverable re-entry vehicle. We haven't seen that tested yet. That missile hasn't been shown again since October 2015 when the Iranians claimed to have tested it.

Then again, another Fateh missile was tested in November. Once we got to 2016 you really saw an uptick. I think the number is -- I did a report on this -- I think it was eight or nine MRBMs from late 2015 to early 2017.

For this reporting period, you basically have the most operable missile in Iran

being tested. People think ballistic missile tests are just all about signaling. Well, there is a strong signaling value.

Iran obviously covets deterrence, with its weak conventional military, but also if you look at it in terms of military capability there's obviously limited immediate conventional use. But at the same time, there's something you glean from missile testing. There's data, there's operational data. There's your force readiness information. There's the reliability of your arsenal.

So if you're Iran and you have this quantitatively robust arsenal, frequent testing gives you qualitative data about the nature of your arsenal. That was what was missing from the debate in Washington. Why is Iran doing this?

Every time Iran tested a missile we tried to tie it to a U.S. designation. We tried to tie it to something the president said. We tried to tie it to an event at the UN.

Really, we should have let the Iranian missile program speak for itself. Past dependency really is key when you're talking about Iran's arms industry. Past dependency tells you they had an interest in a nuclear capability at one point.

Iran's ballistic missile program was resurrected, much like the nuclear program was resurrected, amid the Iran-Iraq War, the nuclear program in '83 and the ballistic missile program between '83 and '85. Their history since then has been intertwined. You've had, obviously, a division of labor with the Iranian Minister of Defense, but at the same time you've had a cognizance buy-in that was on the defense side who are working in the purely conventional world, of what the payloads would yield.

Later on I'd be happy to talk about any of them, Iran's views of the MTCR, and some of the payloads and what kind of a diameter or hemisphere can they fit. There was some of this stuff released by the Atomic Archive. It's caused some arms control people to roll back some of their estimates. Even people who said that the Fateh was nuclear-capable, now say because the Fateh likely has an tri-conic warhead it's not going to fit some of the most known sizes of a hemisphere for a nuclear weapon.

But putting all of that aside, we are in a world created by the JCPOA's broad mistake of not including ballistic missile testing. As many of you know, there's this word introduced in our political vocabulary, I think by former National Security Adviser Mike Flynn, "on notice." It's not something Steven Colbert would say. It's entered our political and military vernacular, putting a country on notice.

This can be downplayed or pooh-poohed a little bit, but actually I think we should give credit where credit is due, because since that February 1st or February 3rd on notice warning, you saw what you saw in 2013 to 2015, which is significant downturn in Iranian ballistic missile testing. I think this matters, because it means that rhetoric matters. But, it means that rhetoric will matter only for a period of time.

Starting in February 2017 there has only been one SLV test, in late July of 2017, and one MRBM test. The problem with this MRBM test is that it was reported once by the State Department. The State Department said, in a kind of throw-away line in late July, that on July 4th Iran tested an MRBM.

There was no data provided. There was no source for that claim. The Iranian media on that day -- two days before, two days after, I scoured the Persian press -- could not find any evidence of this missile being tested. They did not say what kind of MRBM or was the test a success or a failure.

As you know, the U.S. military doesn't do what it does with Iran what it does for North Korea. When North Korea fires a missile you have STRATCOM come out and say here was the test. Here's where it entered the atmosphere. You have that robust data. And you have several reporting requirements in statute, some in CAPSA (ph), some in NDAA, to talk about Iran's ballistic missile testing, to say in X period how many missiles were tested, what was tested, and to give us a success or failure rate.

To date, I haven't seen any of those reports being made public. I haven't heard -- at least through the grapevine of staffers or whatnot -- saying we have data on Iran's ballistic missile testing, or we have a rationale for why there was a downturn in testing. If you take that State Department press release at face value, that means since the on notice warning there has been only one MRBM test. That matters, because if there is a political rationale, a signaling rationale, and a military rationale, a testing your force readiness rationale, for Iran increasing its ballistic missile testing, then there has to be a concurrent political rationale and military rationale for Iran seeking to downturn its ballistic missile testing.

I think something the Trump administration is going to have to struggle with and grapple with is, how can we sustain this trend? Is Iran's decision to do this really endogenous to itself, or can we impact this? Can we support this on notice warning with rhetoric?

The question really remains to be seen. If you believe that the most recent DNI worldwide threat assessment, ballistic missile testing is not the only measure that's dropped. You've seen a decline in the Strait of Hormuz, Persian Gulf naval harassment, and allegedly some restraint on Iran in the cyber domain in this 2017 reporting period. I don't know how long that will last, but I think that opens up very interesting doors for U.S. policy, particularly if you look at Pompeo's 12-point speech.

I'm an Iranian-America by ancestry. I think that the Iranian people obviously deserve a government that represents them. But the most ridiculous thing I've always heard about Pompeo's speech is that it's a regime change speech.

If you look at the 12 points, which are tied to U.S. financial pressure, all those 12 points are about Iran's foreign and security policy. I don't see how a speech about Iran's foreign and security policy is somehow a speech about changing the regime in Iran. I

think that's just a worthwhile takeaway about the Pompeo speech I want to highlight.

What else? In terms of Iran-North Korea, there has always been the nuclear dimension between those active in Iran's Ministry of Defense or missile industry, going to North Korea. But we've seen a significant downturn in material being shipped back and forth. So again, you had the Nodong in the 1990s, and then allegedly a rocket booster, and then that's it.

So the question for the IC and other analysts is, what material is being exchanged? Is this stuff -- is Iran all good now? Is this stuff that it wants to procure via laptop and can it simply have a scientific exchange and not risk interdiction? Or, is Iran looking to fill gaps in its arsenal and just waiting for a convenient time?

A likely gap that I think North Korea could fill in Iran's arsenal is of a solid-fueled MRBM. Iran only has one solid-fueled MRBM that we know about. I think the last test was in 2011 or in 2013, and it was not a success.

The one or two times it was a success the Iranian newspapers brandished it as Israel is terrified of our solid-fuel weapon, because as you know solid-fuel takes less time to fuel, much more ready, much more battlefield friendly. This is something that Iran, in terms of precision-guided missiles, is looking to move towards because that's what its short-range ballistic missile class is entirely comprised of, solid-fuel. North Korea could offer Iran another material exchange. North Korea, again, could look to help Iran with other elements of its missile program.

Iran could, in turn, help North Korea with enrichment and cheating. It depends on what happens after the Singapore summit. I think it's a lot of can or worms that I've kind of opened and just left there for you, but the big takeaway is just because of the sustained material cooperation between North Korea and Iran in the late '80s and early '90s, doesn't mean that there hasn't been a ripple effect or dividends in the Iranian defense industry because of that exchange. There are likely avenues where North Korean scientific information could be a force multiplier in Iran's missile capabilities.

MR. HUESSY: Thank you, Ben.

(Applause).

MR. ILAN BERMAN: Thank you, guys. I'm no Claudia, but I'll do my best to try to fill [in here](#). Thank you, Peter.

I'm going to start by giving an anecdote, because I think it's ~~really~~ necessary to understand that this issue in particular, the nexus between Iran and North Korea, is very poorly understood. In fact, we often confuse one country for the other. Ten years ago, before we ~~got wise to~~ [became more familiar with](#) Iran through the auspices of the JCPOA, I ~~got was~~ called by a producer from Fox News to go on Fox and talk about Iran and terrorism and proliferation.

I showed up at the studio and I was sitting there in the dark room staring at the camera. ~~and t~~The show goes live and they start asking me about North Korea. I did the best I could, I filibustered ~~and did everything~~, and then I went back and ~~I~~ had to call the producer. I said, ~~;~~ you do know they're not the same country, right? They're not even in the same hemisphere.

The point is, there's a lot that we don't understand about the two countries, in particular the nexus between the two. The interplay between the strategic programs of the two is something that folks like myself, folks like Ben Behnam, focus on, but it's really not commonly understood.

I think Ben Behnam did a great job laying out the contours of the relationship, so just a few things to go back over. Then I want to zoom out to 30,000 feet and talk about policy and talk about the Singapore Summit and what this means for North Korea and what this means for Iran.

The relationship is historic in nature. If you look at the dividends that have been gained and the cooperation that has happened-taken place between Tehran and Pyongyang, most of that ground has been was covered, beginning in the mid- to late-1980s. It was covered in the 1990s.

Most of all-our reporting -- certainly in the open source, but even in the intelligence community -- ~~most of our reporting~~ has focused on the ballistic missile aspect of the relationship. There's nothing new in the proliferation world, so the mainstay of Iran's ballistic missile arsenal ~~still~~ is still a medium-range missile called the Shahab III. The Shahab III is a reverse engineered Nodong of North Korean origin, which itself is a reverse engineered Chinese CSS-4. So you see the trickledown effect of Cold War era to post-Cold War era proliferation, which continues to have an impact on the threat posture that rogue regimes like North Korea and Iran possess-assume today.

There's also continuity in proliferation, and I think Ben Behnam did a great job in laying out how this relationship is still a work in progress. It's incorrect to assume that the dividends have already been delivered and there's no additional cooperation ongoing. The cooperation-relationship is still very vibrant. In fact, and I'll talk about it in a second, it's getting more significant. It's actually accelerating as a result of a couple of political dynamics.

But it's also two-way, and this is ~~I think~~ important to note ~~and most people don't talk about it. We tend to think about and then use the word gift.~~ We tend to think about a one-way proliferation stream, where North Korean know-how rebounds to the benefit of Iran. In fact, there's a lot of circumstantial evidence to suggest that this is actually a two-way relationship. It's a two-way relationship that our intelligence community has taken note of, and it's a two-way relationship that the international community has taken note of.

There was a leaked 2011 UN report which talked about the fact that the two countries were exchanging missile parts. This, I think, gives a more accurate picture of what the two countries are actually doing for each other. There is ~~that synergisma~~ synergy in terms of development and horizontal proliferation ~~that heads both ways~~.

The more controversial element of the proliferation partnership between North Korea and Iran is undoubtedly the nuclear aspect. People who are more reserved than I tend to get skittish when you talk about North Korean and Iranian nuclear cooperation. They say there's no proof, there's no definitive proof, there's no smoking gun. But the reality is there's a tremendous amount of circumstantial evidence that there's at least tactical cooperation on the nuclear front.

There have been six North Korean nuclear tests to date. There is open source reporting that suggests Iranian nuclear engineers have been present at every single North Korean test. It's useful to highlight ~~that~~ because it points out to the fact that North Korea's nuclear program is not an isolated stovepipe ~~nuclear program~~ with no external inputs. There are countries that are learning from North Korea's nuclear advances, and not only Iran.

For example, Syria's ~~the~~ al-Kibar reactor that the Israelis bombed in 2007 was a ~~Yongbyong~~ pillbox nuclear reactor similar to the design -- almost identical to the design -- that the North Koreans had implemented in Yongbyong. So the point is, North Korean advances, as robust or as modest as they are, are having a trickle-down effect, and they may actually be having a trickle-down effect in more than one way. There is an open question -- it's one that hasn't been raised and it may be raised as part of the disclosure process that naturally flows from the Singapore Summit -- whether or not what North Korea has ~~down done~~ in terms of public nuclear testing is actually ~~external~~, extraterritorial testing for other countries.

This is not just me saying this. This is the Obama era intelligence community which was saying -- after the 2013 North Korean 2013 test ~~– that there was an Obama administration official who went on record and said~~ it is, quote-unquote, “very possible the North Koreans are testing for two countries.” What ~~he was they were~~ talking about was the fact that the Iranians were present, the Iranians were watching, and the Iranians were learning, at a time when Iran was facing heightened political scrutiny as a result of the run-up to the nuclear negotiations over what became the JCPOA. It was quite possible, then, that Iran had asked the North Koreans to externalize nuclear development.

All of this has been made more urgent by the JCPOA, for a very simple reason. President Obama, when he unveiled the JCPOA in July of 2015, talked about the fact ~~this~~ it has closed off all pathways by which Iran can acquire a nuclear capability. But the reality is that the JCPOA focused overwhelmingly on the domestic development of Iran's nuclear capabilities.

We can have an argument about how robust or how flimsy it was. Like Ben Behnam, I'm a skeptic of the JCPOA. But the reality is that the political dynamics

that ~~were associated with~~ this almost exclusive domestic focus ~~made by~~ of the JCPOA, actually incentivized the procurement pathway for the Iranians.

It actually incentivized Iran to go abroad, or at least to look abroad, to try to procure components for their missile programs and also for their nuclear program, because there was greater scrutiny ~~at surrounding home and~~ what they were doing at home. ~~There was less on~~ ~~Less so~~ — ~~although there were mechanisms built into the JCPOA~~ — ~~less so on~~ the relationship between Iran and North Korea in particular. Among other things, I remember talking at the time to professionals in the intelligence community and they would grouse about the fact that ~~this the JCPOA actually~~ created an additional reporting requirement, an additional line of inquiry that they had to follow, because now they had to watch what Iran was doing in North Korea and other places, ~~with~~ private buyers in China for example, because Iran had been incentives to go abroad.

So this has actually ~~accelerated~~ — ~~as Ben laid out in terms of talking about missile testing and North Korean and Iranian cooperation~~ — ~~this has actually~~ incentivized and accelerated Iranian and North Korean missile cooperation, both publicly and privately. Very likely -- and again the evidence is circumstantial -- but very likely it has incentivized deeper cooperation, or at least more frequent contact, in the nuclear sphere as well in the time period that has elapsed since the passage of the JCPOA in mid-2015.

So the real question becomes, what did the North Koreans think of the Iran deal? I don't count myself as a China expert. ~~However~~, I've spent a lot of time in China and I remember very clearly being in China on multiple trips in the 2015-2016 timeframe, and hearing in multiple meetings from Chinese officials who had been in contact with their counterparts in North Korea, that North Korea was angling for a JCPOA. They ~~sort of~~ looked at this framework, they saw the dividends, financial and political, that Iran was getting from the JCPOA, and that they ~~really liked it and they~~ wanted the same sort of arrangement.

By the way, this was reciprocated. The Obama administration was perfectly willing to open discussions with the North Koreans about an Iran style nuclear deal. They just didn't have the time to do it.

~~So if you go back and you look in~~ March, ~~the~~ former Energy Secretary Ernest Moniz, wrote an op-ed in the New York Times where he actually talked about how it would be a great idea if the North Koreans got a nuclear deal just like the Iranians got, ~~—~~ a North Korean JCPOA, for lack of a better term. While it was clear that there was appetite, certainly in Pyongyang and certainly in Washington under the Obama administration, to pursue this, there wasn't the time to do ~~it so~~. As far as I understand ~~it~~, there were preliminary contacts that were made, but there was nothing resembling a durable dialogue.

Then you had a new administration take office here in Washington with a much more skeptical view, ~~—~~ not necessarily of North Korea, as we're seeing ~~—~~, but a much more skeptical view of Iran and of the Iran deal. ~~So I think~~ ~~†~~ The conventional wisdom,

the optics ~~politically that have been~~ surrounding the Trump administration's pullout from the JCPOA, which all of you have read, ~~which is:~~ how can anybody trust the word of an administration that goes back on an agreement? ~~and all this~~ —I think this is actually flat wrong. If the administration -- and this is a big if -- if the administration actually plays it correctly, ~~and we'll have to see over coming days whether the president did in his preliminary contacts with Kim Jong-un in Singapore, but~~ the argument that needs to be made to the North Koreans is that the JCPOA failed because it was flimsy.

First of all, it was unpopular. There was a great Gallup poll that was done in February of 2015, as we were winding down negotiations, ~~winding to a conclusion in negotiations~~ with the Iranians, ~~in~~ which ~~the poll~~ found that, ~~at by~~ a two to one margin, Americans disapproved of the JCPOA as it was then structured, ~~which was really the structure that became what we know as the JCPOA~~. It was unpopular in Congress, ~~too~~, and that was why it was negotiated as it was, not as a treaty which required two-thirds consent of the Senate to ratify, ~~to make it binding as a matter of Constitutional primacy in which an international treaty is adopted by the United States and it rises to the same level in terms of rigidity of enforcement as the Constitution~~.

Rather, it was negotiated as an executive agreement. The nature of executive agreements is that the next executive has absolute authority to abrogate ~~it~~them. We can argue about whether Trump should have done it, but it's very clear that he had absolute authority to abrogate ~~it~~the JCPOA, because the agreement was transient in nature. But it also is a very important teachable moment for the North Koreans, because it creates a pathway to show the North Koreans what they need to do in order to make their deal, if they get one, more permanent.

The real question here is ~~—and there's a lot of questions surrounding the last 24 hours and the next 72 and the weeks ahead—~~is whether the North Koreans are prepared to do so. So the atmospherics, the early atmospherics and the reporting coming out of Singapore, are very positive. The summit is being heralded as a success.

It's being heralded as a success based upon the joint declaration, the four point declaration that Chairman Kim and President Trump signed, which included, among other things, a North Korean reiteration of its commitment to what it initially stated in April of 2018, in what became known as the Panmunjom Declaration, to a complete denuclearization of the Korean Peninsula. Whether or not they actually do that is going to be determined by the robustness of the verification mechanisms and ~~inspections~~ regime that is put in place by the United States. But if we can do that, if we can ~~actually learn the lessons correctly of the 1994 Agreed Framework and~~ do an invasive inspections regime, and sequence our aid properly, then we can create a more robust framework for arms control and scale down with the North Koreans than we ever had with Iran.

But the three fatal flaws that doomed the JCPOA are ~~actually~~very important in discussing the robustness of a nuclear deal with North Korea, if ~~it~~one comes about. The first is ballistic missiles. For my money, I think Ben Behnam is absolutely right. Probably the single largest fatal flaw in ~~conveying confidence that~~the JCPOA ~~could have~~

~~kept Iran in its lane~~, in terms of its nuclear menace, was the fact that the delivery systems by which that nuclear menace could be delivered to ~~hostile-adversary~~ nations; was simply not encompassed in the four corners of the agreement. The Obama administration, as part of its sweetener to the Iranians to move negotiations along, capitulated very early in the game to ~~taking-placing~~ ballistic missiles outside of the scope of work of the JCPOA. That, I think, set the table for all the other concessions that followed.

The second is inspections. ~~The inspections regime~~—I think it's both accurate and entirely irrelevant when supporters of the JCPOA talk about the fact that the JCPOA creates the most extensive inspections regime that has ever been created in the arms control community about Iran's nuclear program. The fact of the matter is we still don't have full unfettered access without prior warning to Iranian military sites, for example. We don't have complete "eyes on" access to every nuance of Iran's nuclear program, as we learned from the disclosures that the Israelis made public a couple of weeks before President Trump pulled out of the JCPOA.

I think that ~~in particular i~~'s a teachable moment ~~and it's particularly a teachable moment~~ because by all accounts the Israelis coordinated those disclosures with the Trump administration in the run-up to President Trump's pull out from the deal. So ~~they~~ ~~the Administration~~ knows very well what the Israelis found that the inspectors weren't seeing. I think that creates a framework for moving forward.

The last is, sunsets. There is no merit to creating a nuclear deal with North Korea if the nuclear deal is reversible. If the North Koreans are committed to the complete denuclearization of the North Korean Peninsula, it's not complete denuclearization for ~~a~~ ~~the~~ period of a decade. It is ~~a permanent~~ denuclearization of the Korean Peninsula, and that I think is going to be the watchword-

—~~And by the way, it's going to be the watchword~~ by which the media and Congress holds President Trump's feet to the fire, as it should be. President Trump has already said, and I'll end with this, ~~he's already said that he is prepared to~~—any agreement that he concludes he is prepared to submit to Congress as a formal treaty. That means that the things that caused the JCPOA to fail on its face when it was evaluated by the House and by the Senate, need to be corrected. Those holes need to be fixed.

~~The v~~Verification, the inspections regime, and the concessions that will be made by North Korea need to be much more robust in order for it to pass muster with Congress; and also in order for the Trump administration to have the will of the American people behind doing the things the North Koreans want in return. The North Koreans have made very clear what they want in return. They want a scale down of American troops on the Korean Peninsula. My sense is requests about a scale down of American missile defense capabilities in the Asia-Pacific is probably not that far behind. All of these things need to be balanced against verifiable things ~~as that~~ the North Koreans deliver.

Right now, we're at an interesting moment where we have lots of pledges ~~but we~~

~~don't yet.~~ ~~We don't~~ have lots of concrete movement on the ground in North Korea ~~yet.~~ So the summit is a success politically, ~~whether~~ Whether it's a success strategically has a lot to do with whether the administration can learn the mistakes of its negotiations over nukes and non-negotiations over ballistic missiles with Iran, and apply them to the North Korean scenario.

I'll stop there.

(Applause).

MR. CHRIS BIDWELL: Chris Bidwell, Federation of American Scientists. Thank you, both, a great presentation as always. My question for you is now with the North Korea deal moving forward and the Iran deal falling off, I've noticed -- and I don't know if you've noticed -- a number of very large companies in the past three weeks are starting to pull out of the Iranian market like a mass wave. It seems very significant. Is that likely to result in the coming back to the table by Iran, and if so what would you demand if there was a second round?

MR. TALEBLU: The question was, there has been a mass exit of companies leaving Iran and could the economic force of these companies pulling out and terminating their business, or at least winding down, cause Iran to come back to the negotiating table, basically taking away their incentive to stay in the deal? I come down in a very interesting place on this, both within my institution and in Washington. It is a good sign, as someone who did not support leaving the deal and who supported staying in it, even though it was a flawed deal, to fix it and then perhaps leave it in a more phased fashion, I would say this.

It is a good sign that President Trump's May 8th statement is having a ripple effect in the business community. It is bad, however, that European politicians are not on the same page as European and Asian banks and businesses. What I mean by that is that as someone who believes very strongly in the power of U.S. secondary sanctions, or the threat of the levy of U.S. secondary sanctions, should be sufficient.

As a reminder, let's go back to 2010. The U.S. didn't use its full secondary sanctions power with some key actors, China and Iraq, on the Iran file to the depth that it really could have. It simply went after a small bank in Iraq and a small Chinese bank to basically intimidate everyone else: BNP Paribas (ph), HSBC, the bigger guys, who paid massive fines, by the way. So as someone who believes that that threat is sufficient, you want the threat to get your allies onboard and to intimidate your adversaries.

What's happening here is that our allies still are not onboard. At every juncture that they have -- we had the first every joint commission without the United States, that spoke volumes. It was the P4 Plus one. They still are looking to find a way to create cut-outs to get Iran to stay in the deal. I think ultimately yes, economic pain can get Iran to come back to the table, but there's a lot of other factors at play here.

The first is Iran is continuing to at least in general live within the contours of the deal. If Iran exit's the deal I think it will do it in a graduated fashion. What I mean by that is, based on how well Europe can carve cut-outs to American secondary sanctions or to create a sanctions proof channel, which I think is unlikely given the power of the U.S. dollar, given that you need to touch the U.S. financial system at least once to convert a foreign currency into another foreign currency.

All these other things, we have to, for instance, we can get into all these little rabbit holes. But given that, I think Iran is going to phase its withdrawal from the deal. So if Europe does not create these off-sets and somehow reimburse Iran for the oil money that it loses, then Iran will begin to escalate. It could resume missile testing, resume harassment in the Gulf, step outside the boundaries of the deal, operate centrifuges it's not supposed to under vacuum testing.

So the incentive there for multinational firms to leave Iran and again get Iran to come to the table, is there. But the threat of Iran resuming this activity is also there. So to me as someone who is for secondary sanctions and wants very much for a better deal to happen, what we need to do by November 4, which is the Treasury deadline to enforce and reinstate all the nuclear sanctions, is to politically get our allies onboard and to have a definition as to what is the end-state that we want to have the Europeans work towards with us?

To do what, exactly? To comply just with our sanctions, to do the bare minimum? What we had in 2010 to 2013 was Iran economically ascendant first because of oil prices. The sanctions began to tank Iran's economy, but Iran's entering the sanctions incubation period, we know we had the heaviest sanctions from 2010 to 2013. Iran entered that with oil at \$140 a barrel. But politically, we entered that with five UN Security Council resolutions and transatlantic unity.

Now, we have the Iranian currency collapsing, entering a new escalation spiral, protests in Iran, but we're entering it with a divided West. The question is, can we get the same results, aka drive Iran to the table? It's high risk, high reward.

MR. BERMAN: I think that actually dovetails ~~with~~ exactly with what I was going to say. ~~I think the really fruitful line of inquiry when we're talking about this—I mean, I agree with all that.~~ I think we are seeing an escalating cascade of companies who are reactive to, responsible to shareholders who are looking at this and saying, ~~you know what,?~~ this This is not a smart play. We're going to pull out. We're going to make a straight market choice.

European, and even some Asian, officials who are standing on ceremony and talking politically are being more resistant. But I do think that last point that ~~Ben~~ Behnam made is crucial, which is that the expectation is that this is a binary choice for the Iranian regime, meaning that the Iranian regime means exactly what it says. It's going to restart its nuclear program. It's going to sprint to the bomb. All bets are off.

But the reality is ~~the-that~~ internal dynamics within Iran, including the devaluation of the currency, including the very persistent broad-based protests which are still going on, ~~even though nobody is reporting on them~~ and cut across multiple social and economic strata within Iran, actually create constraints on post-JCPOA strategic development in Iran. The more Iran ~~publicly, and it~~ has to do ~~with~~ publicly in order to demonstrate to the world that it is defiant, the more Iran invests in guns not butter, the sharper that divide ~~that~~ you're already seeing on the Iranian street becomes. So what you have is ~~yes, you're having~~ this sort of tug and pull. The hardliner-moderate conversation about Iranian politics is entirely overblown because the divide is much less pronounced than the divide between the Iranian regime and the Iranian people.

But the reality is, the more you have elements surrounding the supreme leader who are pushing for a complete reinstatement of the nuclear program, the more that stance is going to rebound negatively to the credibility of the regime among the Iranian people themselves. That's going to create a constraint. And I think the confluence of factors remains to be seen, but ~~I think~~ it's a reasonable bet to assume that not only will Iran be constrained in its post-JCPOA sprint to the bomb, but you may actually see an Iran that begins to realize that it can't really put a lid on what's happening on the street and can't put a lid, by itself, on this contracting fiscal market that then begins to sound a different tune. Maybe it's going to take a little while, but my sense is that the Iranians are going to realize that history is not in their favor as we move forward in this process.

MR. TALEBLU: Just a quick dovetail on Ilan's answer. Just being in the room for multiple different off the record stuff in Washington in 2013 when Rouhani was elected and inaugurated and had his first 100 days, the moderate-not moderate paradigm absolutely, as Ilan was saying, is worthless. Throw that out the window. The paradigm you need to care about if you care about the Iranian presidency, is competent versus not competent.

Ahmadinejad, not really competent. Rouhani, exceptionally competent. I say that because Rouhani put his finger on the pressure points when he was chief nuclear negotiator between 2003 and 2005 on where the Bush administration and where the nonproliferation left in Europe were divided.

In 2011 I remember reading an interview with Rouhani talking about what he wanted ultimately on the nuclear file. I fell off my chair when I read it. And then once he got elected, I fell out of my chair again. In 2011 he said whoever removes the nuclear file from the order of business or the docket from the UN Security Council, I will kiss their hand.

What that means is, whoever gets the Chapter 7 constraints off Iran's nuclear program, shoves it back into the IAEA's hands and treats it as a normal nuclear program, he will kiss their hand, meaning he would be very fond of that. If you look the JCPOA, the last line of Annex 5, the UNSCR termination date is when Iran's nuclear file goes back from the UN Security Council to the IAEA, making it a normal nuclear program.

At FDD we focus very much on the economics of sanctions and affecting countries bottom line and having that have second and third order choices, but it's also worth noting not every country operates on the (market ?) model. Some men are not motivated only by money and market forces alone. Iran also came to the table in 2013 because it took something that was illicit and the U.S. proved it was willing to make that illicit thing licit.

That's why Iran is so wedded to the deal, because it fundamentally transforms the nature of its nuclear program from being an illicit thing to something that someone at Oak Ridge National Labs can help support. That is very important for Iran, another reason why it's a good deal. All these market forces, absolutely correct, they tell 51, 52, 53 percent plus side of the story. But they don't tell the entire story, because these are men with a mission. Like we said before, it's a past dependent mission.

MR. HUESSY: Go ahead, Steve. Did you have a question?

MR. : I was just going to comment on the biggest difference I see in this scenario between last night and 2013 is in the Iranian negotiation we didn't have a partner like South Korea who is going to play a very pivotal role with regard to the way Congress is going to look at this. If South Korea is not onboard -- and reciprocally, if South Korea is onboard -- it's going to make all the difference in the world in how we look at this. So my question is, do you guys see it the same way? We have to be careful about a one-to-one comparison. It was really mano-a-mano with the U.S.. If South Korea is not onboard with this, it's an entirely different discussion.

MR. BERMAN: I think that's absolutely right. Obviously, if the South Koreans are onboard that's a lot of tailwinds for the administration to present it to Congress. The one thing I would watch out for, because I'm a perennial pessimist and I always look at glasses as half empty, is the fact that the things that North Korea is going to expect the United States to do in South Korea in response rebounds to China's benefit, and as a result rebounds to Japan's detriment.

This is not an isolated thingscenario, so I think the interconnectedness is exactly right but it cuts both ways. in the sense that when you're a Persian nation surrounded by Sunni Arab states that really loathe you and want to contain you, the sense is in some ways paradoxically it's actually a benefit. You have clarity. of I know exactly who I'm negotiating with. In this particular case, the United States has to be very careful that the things that it does in the service of a North Korean nuclear deal, if one emerges, doesn't don't rebound to the detriment of its allies, not only South Korea but also as part of the new emerging concept of the Indo-Pacific.

MR. HUESSY: Would you also say that because Japan has such a strong voice here in America, if Japan doesn't like the deal it ain't going to happen?

MR. BERMAN: Correct.

MR. HUESSY: Congress will not support it. Therefore, Mr. Trump can tell Kim I can't do that, even if I wanted to, but I don't want to because it's to Japan's detriment and therefore North Korea cannot ask. We may be able to do some cosmetic things with the troops, but as Trump said, the troops are staying. THAAD is staying.

MR. BERMAN: Right, and this is where my job is to link all these breakfasts together. This is where the concept of extended deterrence that you guys heard about from Rebecca and from Matt becomes so important, because the way you split that particular baby is you say, ~~;~~ Japan, our missile shield in Asia is not going anywhere. We're actually going to double down on extended deterrence as a way of mollifying your concerns ~~because of~~ about China. That's a conversation that I think is coming, depending on what we do in the immediate future with the North Koreans.

MR. HUESSY: Thank you, gentlemen.

(Applause).

Please come to the Heritage Foundation on Friday. It's 10 a.m. to 12 noon. Frank Miller is going to speak, Sven Kraemer, Ty McCoy, Susan Koch and myself and Mark Schneider are going to give a review of the Reagan era arms control and nuclear deterrence all the way up to today. Please come.

Thank you very much.