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You Are In: Speeches > Iran > Remarks London 4/10/08

## SPEECHES

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U.S. Permanent Representative to the International Atomic Energy Agency

Encounter with the Media at the Foreign Press Association, London

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## Video

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Transcript

AMBASSADOR SCHULTE: I appreciate everyone coming here. I was really pleased, when I came in, went around and said hello to everyone, how many of you I actually know and how many of you I've worked with before, and how many of you I read. So thank you for what you do to help keep me informed on the important topics that we work with in Vienna.

As you know, two days ago President Ahmadinejad, in Iran, made some announcements on Iran's Nuclear Day, a holiday that – as I understand – he invented two years ago. And he announced that he planned to expand their uranium enrichment capability and also to introduce a new centrifuge for uranium enrichment. What I want to talk to you about, a little bit today, are three things: First, why you should take President Ahmadinejad's statements with a grain of salt, with a certain amount of skepticism. Secondly, why the path he is taking is still of enormous concern, not just to the United States but to other countries across the world. And third, what the United States is doing with other countries across the world to counter the risks and the threats posed by the nuclear pursuits of the leadership of Iran.

First off, the announcement – why we should take it with a grain of salt. President Ahmadinejad has a record of making bold political announcements not necessarily supported by technical facts. I remember a year ago on this same anniversary, when President Ahmadinejad announced industrial-scale enrichment. Well, it was about six months later that we finally got a report from the IAEA Secretariat in which they said that Iran had finally started to run 3,000 centrifuges. And, even today, what we hear from the IAEA is that Iran is still not running those centrifuges at capacity. In fact, about six weeks ago we received a briefing from Mr. Heinonen, who is the head of the Safeguards Department, who said they are probably only running at 20 percent of capacity. So what this tells us is that Iran has not yet mastered the capability to enrich uranium, although they are obviously working very hard to do this. And I think it also tells us that the type of speech we heard two days ago was more of a political stunt than it was a real announcement of technical progress.

But secondly, we do still need to be worried about the course that is represented by this speech that we heard two days ago. Clearly, President Ahmadinejad and the leadership in Iran are disregarding the concerns of the international community, and they are also violating, now, four resolutions of the Security Council that have required them to suspend all uranium enrichment activities. Of course, they say this is for civil purposes, but at the IAEA in Vienna there are very few who believe that story. If Iran were interested in civil nuclear energy, it would presumably continue to pursue the type of route that it is pursuing with Bushehr, building a

light-water reactor and looking for a source of fuel. And in the case of Bushehr, Iran has received that fuel from Russia.

Iran says it needs uranium enrichment for nuclear energy, but it has no nuclear power plants for which it needs to enrich uranium. And, moreover, I think we also have to be conscious of the fact of where Iran originally got the technology for uranium enrichment. They went to the AQ Khan network. I might also mention, in the speech two days ago, President Ahmadinejad talked about how this is technology that had been developed indigenously. Well, clearly there are a lot of smart, bright, young Iranian nuclear engineers and scientists who are working on this program, but the basic technology was stolen. The basic technology was stolen from Pakistan through the AQ Khan network, which in turn had stolen it from a European company. And of course, we all know the AQ Khan network is not a place you turn if you want civil nuclear power. The AQ Khan network is a place countries like Libya and North Korea turned when they wanted to develop nuclear bombs. So we need to be concerned, because Iran continues to violate Security Council resolutions. We need to be concerned, because Iran continues to pursue the technology to enrich uranium that it doesn't need for civil purposes, but it needs if it wants to build a bomb. In fact, the assessment of the U.S. intelligence community is that their pursuit of this uranium enrichment capability is in large part to develop the technologies to build nuclear weapons.

Now recently, at the IAEA, we have heard briefings from the inspectors about concerns they have that Iran has actually engaged in activities related to weaponization. What does weaponization mean? Weaponization means taking something like highly enriched uranium that you could produce in a facility like Natanz, or in a covert facility based on technology from Natanz, and fashioning that into a nuclear weapon – putting around it the detonators you need, putting it inside a re-entry vehicle, making it so you can deliver it someplace. And the IAEA has received, over a number of years from multiple sources, increasing amounts of indications that Iran has been engaged in weaponization activities. This, in fact, is very consistent with our own intelligence assessment that, until 2003, Iran was working on weapons design, Iran was working on weaponization activities. And these are activities that could easily be restarted, and these are activities that could be restarted, potentially, without the knowledge of the IAEA. So in fact, today in Vienna, IAEA inspectors are very focused on understanding what exactly has Iran been doing in the weaponization area. Iran, of course, has said that these are baseless accusations, but the IAEA inspectors have told us they have no reason to believe these are baseless. They think the activities they have seen are consistent with a nuclear weapons research and development program, and they think that these activities must be addressed.

So what's the way forward? The way forward in Vienna is the United States, the European Union, Russia, China, other countries that are strongly supporting the IAEA Secretariat as it continues its investigation of Iran's activities, as it continues to try to understand why Iran was in possession of a document for machining uranium into hemispheres, to understand why Iran was pursuing technology for multi-point detonation, something that makes sense largely from the standpoint of building a nuclear weapon. And we are also backing the IAEA in pushing Iran to implement the additional protocol, so that the agency can have additional confidence in verifying Iran's current activities.

Outside of Vienna, we are broadly pursuing a dual-track strategy with which you are familiar – and when I saw "we," this is more than the United States. This is the United States, this is the European Union, this is Russia, this is China, this is the Security Council, this is countries across the world that have associated themselves with these efforts – countries like Japan, South Korea, Australia, Brazil, India, others who strongly support this diplomatic effort. The goal is to show Iran there are two paths. There is the path that they are on, the path that was unfortunately laid and explained by President Ahmadinejad two days ago, the path of defiance, the path of moving forward in violation of Security Council resolutions. We want to demonstrate to them that path leads them further into isolation, further into sanctions.

But we also want to give them another path, which is wide open – they just have to choose to take it. And that's the path of negotiations. To get on that path, the leaders of Iran know exactly what they have to do. They have to suspend these uranium enrichment activities and they have to come to the negotiating table, which is there. We are ready to start these negotiations. In fact, the challenge for all of us – for all of us diplomats, and for all of us in the international community -- is to convince the leadership of Iran that they are better off choosing that path, that if they want prestige, that the way to get prestige is to enter into these negotiations and respect their international obligations. If they want access to high technology, if they want access for civil nuclear energy, the best way to do it is to come to the negotiating table and take advantage of the technological and political offers that have been put there. If they want regional security, the best way to

do that is to come to negotiate rather than to confront the rest of the world.

In sum, the challenge for all of us – countries across the world -- is to convince Iran's leaders to abide by their international commitments, to enter into negotiations, rather than making grand announcements that only leave their country increasingly under suspicion and increasingly under sanction. Thank you.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: First, I would say that President Bush and President Putin just met, as you know, in Russia and they came out with a statement that very firmly said that Iran needs to suspend these activities and to abide by Security Council resolutions. Very strong support for the dual-track strategy that has been laid out. Now the Political Directors of the six countries – the European three, the US, Russia, and China – will be meeting in Shanghai in the middle of April, and they will discuss how do we continue with this dual-track strategy, and I don't want to anticipate what conclusions they will come to. But clearly there will be continued support for the dual-track strategy, which is a combination of putting pressure on the regime, while at the same time giving them a negotiated way out. We think, clearly, the announcements made by President Ahmadinejad two days ago showed the importance of keeping this pressure on, showed the importance of implementing the new resolutions that have just been put in place, showed the importance of looking for ways to reinforce those, while at the same time trying to get this Iranian leadership to come into negotiations.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: The National Intelligence Estimate that came out in December started with a rather dramatic first half-sentence. I think the authors actually have said they wished they had written that sentence a little bit differently, because it was never meant to be a public report, but it was released publicly. The first half-sentence said, more or less, the intelligence community judges with high confidence that Iran halted its nuclear weapons program in 2003. And then it continued. But what you had to do, is you had to read the footnote and see how they defined "nuclear weapons program," which just meant weaponization plus covert enrichment and uranium conversion. And then you had to read the rest of it to recognize that they were continuing with other aspects of the program, and that they could restart the weapons design work.

There are three basic aspects to a nuclear weapons capability. First of, I should ask, do we have any nuclear engineers in the room, or any nuclear physicists in the room? No? Well, how many political scientists like myself? (laughter) Well, the good news is probably all of us together, as talented as we are, couldn't build a nuclear weapon. That's the good news. The bad news is that, if you had a room of this many people who were talented scientists and engineers and had the right background, they probably could nowadays. The one thing they would need access to is either highly enriched uranium, which could come from a facility like Natanz, or weapons-grade plutonium, which could be harvested at a facility like the heavy-water reactor at Arak, which I will come back to. If you want to build a nuclear weapon, first you need the material, highly enriched uranium or plutonium. Secondly, you need the ability to fashion it into a weapon, the weaponization piece, and third, you need a way to deliver it.

What we know today is, first, Iran is working to develop the capability both to produce highly enriched uranium and – if they wanted to, in Arak, the heavy-water reactor -- to produce plutonium. The Security Council has required Iraq not just to stop uranium enrichment activities at Natanz, but also to stop the heavy-water work at Arak. We talk about Arak less because we don't think it is as far along as the enrichment activities. We know they are working to have the capability to produce nuclear material, and our National Intelligence Estimate says we think they are doing that, in large part, so they have the capability to build a nuclear weapon.

You also need weaponization. You also need to be able to fashion that material, weather it is plutonium or highly enriched uranium, into a warhead and put the necessary packaging and detonators around it, and so forth. And there, our National Intelligence Estimate said, with a higher level of confidence than we ever had before, that Iran had a very serious weapons design and weaponization program ongoing until 2003. This was not some academic pursuit. This was not somebody in their garage or hobby shop. This was an effort that was directed by the leadership, that was conducted by entities of the military, and that was concealed from the rest of the world. Now, in 2003, Iran was coming under a lot of pressure. The enrichment work that they had been conducting at Natanz, their heavy-water reactor at Arak, had just been exposed to the rest of the

world. In fact, at that point, under pressure, they overtly suspended their uranium enrichment work at Natanz. What we believe now is, at the same time, they quietly stopped this weapons work. In the meantime, despite international scrutiny, despite international pressure, they have continued – they have restarted – their uranium enrichment activity. And it is quite conceivable that they could restart this weaponization work. In fact, the National Intelligence Estimate, which judges with high confidence that they halted this work in 2003, judges only with moderate confidence that they have not restarted it. So that is a concern we have. In fact, what the Iranian leadership could choose to do is they could wait until they are well along in developing their uranium enrichment activities – which is the most time-consuming part of building a nuclear weapon – and then take off the shelf the work that they have done on weaponization and restart it.

What we have heard from the IAEA is they have, over time, gotten increasing indications that Iran has been involved in weaponization activities. We think this is largely consistent with our own intelligence estimate -- where we think they had them, but they stopped – but that is our estimate, and this is still a matter of concern.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: The IAEA has not said, was it in the past, was it going on today. They have just said they had indications of these activities. My best judgment is – and we don't know all the information the IAEA has. They have briefed us on a lot of it, but as far as I can tell, it is largely consistent with our estimate that they were conducting these activities until just five years ago, and they could restart them rather quickly and they have some of the infrastructure in place to restart it.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: The 6,000 [centrifuges]? I don't know. Whether it is 3,000 or 6,000 or 10,000, in a way it doesn't matter. What is clear is that they are moving ahead to try and master this technology, and they clearly intend to ignore Security Council resolutions, at least to this point. And that is what is of concern to us. You know, there is a lot of confusion in the Iranian press over whether they are building an additional 3,000 or an additional 6,000 – I will let you ask Iranian authorities what exactly they are doing. As I said, we have to treat this with a little bit of skepticism, because they have exaggerated their progress in the past, but as skeptical as we may be, I think we also have to be very concerned, because there is a clear indication that they intend to forge ahead despite international concerns and despite Security Council resolutions.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: You asked if Russia shares our concern about Iran, and the short answer is "Yes." There is no question about that. That was very clear in the statement that President Putin and President Bush said, in which they express their concern about the proliferation risks associated with Iran's program. The fact that Russia has joined with us and other countries in multiple resolutions of the Security Council. I mean, I work on a regular basis with my Russian colleague in Vienna, and I can tell you, they are worried about the implications of a nuclear-armed Iran. They are worried about what would happen in what we know is one of the more dangerous parts of the world, if not the most dangerous part of the world, if you had Iran armed with nuclear weapons and that prompted a nuclear weapons arms race. So the Russians, yes, are very concerned and they are very supportive of the dual-track approach we have taken. Of course, we all know there are times when there are tactical differences - we would like to move faster in some areas, they would like to go slower - but, in general, we are very tied together. I have to tell you that I have had the opportunity to work on a number of international issues over time, and this is an issue where I am actually pleased to see how closely the international community is working together. I mean, the U.S. and Europe are like this on this [issue]. The U.S. and Japan are like this on this [issue]. Russia and China are part of this effort. Countries across the world are part of this effort. As we heard from President Ahmadinejad, this is a very determined regime. You know, these are guys who don't listen to people in pinstriped suits. But the fact that we are working so closely together gives us some help.

Now the Russians put forward a rather innovative proposal a couple of years ago. They proposed to Iran, "Come and participate in an international uranium enrichment project that we are setting up in a place called Angarsk," in Russia. And we supported that. At first we kept quiet, because we were afraid that if you put the American seal of approval on it, the Iranians would be less likely to accept it. But eventually we said,

"Yes, we support that." And that actually is part of the offer that is out there.

On Bushehr, U.S. policy has changed on this. You know, we are often accused of being inflexible, and I think we have actually shown a lot of flexibility on this. On Bushehr, there was a period of time when we strongly opposed Bushehr, when we were pushing Russia very hard, "Stop your investment in Bushehr," when we were worried that it would be a cover for nuclear weapons development. Recently, we have supported Bushehr, in the last several years. We have said Bushehr is fine, Bushehr is an example of how Iran can get access to nuclear energy in a way that doesn't give proliferation concerns to the rest of the world. Bushehr is the only nuclear power plant under construction in Iran today, and Russia has provided the fuel for it, which undercuts Iran's arguments that they need to have Natanz, that they need to enrich fuel. So we have supported this project and we have shown flexibility there, the same way that we have shown flexibility in terms of saying we are now ready to come to the negotiations, the same way we have shown flexibility in joining the offer from the European Union and Russia and China. We would just like to see the same type of flexibility from Iran's leaders, rather than the sort of inflexible, dogmatic approach we saw reflected in the announcement two days ago.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: Those talks [in Baghdad] are just focused on Irag's security. Those talks are not meant to address the nuclear issue. There is a table set, though, for the nuclear talks - this is sort of an imaginary table, I don't think it exists anywhere, but the table is set there. There is a place for Iran to come to the table. Secretary Rice has said that she is willing to sit at that table. She wants to have a Russian, a European, a Chinese partner there as well, but she has made it very clear that she is ready to sit down anywhere, anytime to discuss Iran's nuclear issues and Iran's nuclear desires to fulfill its nuclear rights, as long as Iran suspends these uranium enrichment activities. You might ask me, why are we insisting on Iran suspending these uranium enrichment activities? The answer is quite simple. First, it is a matter of international law - they are required to suspend this, and they are required to suspend this by the Security Council because the world has lost confidence in the nature of their program. Secondly, quite frankly, we don't want Iran to use negotiations basically as a political cover to continuing mastering an enrichment capability that they could use to build bombs. We've seen this before, in the negotiations that Iran conducted with the European Union, which we supported. They used it as a cover to continue to develop their capabilities. So we need a clear sign from Iran that it is prepared to negotiate seriously, and that clear sign would be respect for the Security Council requirement to suspend these activities. It would have been very nice if that speech two days ago, if President Ahmadinejad had celebrated the achievement that Iran's nuclear engineers had made and then said, "Okay, now we're going to suspend these activities and we're going to sit down and negotiate." That would have been the best speech for the people of Iran, as opposed to the speech that he gave.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: For a long time, we were trying to figure out where was the point of no return. I think it is hard to define that point of no return. Clearly, what the Iranian authorities are trying to do is they are trying to master the technology, from a technical standpoint, but from a political standpoint they are also trying to create facts on the ground. That is part of what President Ahmadinejad is doing in announcing that they are going to double or triple the number of centrifuges. Even if they are not ready to do that right away, he just wants to establish the fact that they are going to do it. He wants to establish the fact that he intends to violate Security Council resolutions. There is still time for diplomacy and we are heavily engaged in that diplomacy, and we still think they have not mastered the technology to enrich uranium, but we are also worried that here they are working on new generations of centrifuges, here we have indications reported to us by the IAEA that they are working on weaponization work – this is a serious program, and that is why we have serious concerns about it.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: It [war] is not the next option. I will say that for sure. The clear guidance that I have, and our clear objective, is to get a diplomatic solution. That is where we are focusing our efforts, very much. Sometimes I worry that perhaps the only person in the world who would like a military option could be that crazy guy, President Ahmadinejad, who seems to revel in isolation, who seems to revel in defiance. I

think the rest of us want a diplomatic outcome that clearly, in the face of what we heard two days ago, that means that we need to have some pretty serious joined-up, strengthened, reinforced diplomacy if we are going to be successful in doing that.

You mentioned President Ahmadinejad. Sometimes I think he is my greatest assistant. When he gives these type of speeches that he gives, I think it just illustrates how dangerous he can be and how outrageous he is. It helps, unfortunately for the people of Iran, to isolate Iran, and it helps to raise international suspicions about the intentions of the leadership and what a leadership like that might do if they had nuclear weapons.

QUESTION: So the military options are still on the table?

AMBASSADOR SCHULTE: Well, I think the President is very careful not to take options off the table, but I can also tell you that our goal is to get a diplomatic solution.

QUESTION: (Unintelligible – from Press TV)

AMBASSADOR SCHULTE: Everyone here knows about Press TV? It is an Iranian TV station that always misreports what I say – we will see how this comes out.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: What I would say in response to that is – let me just personalize this for a moment. Even if you were Iranian, it wouldn't give me any problems. I mean, President Bush is looking for a very different type of relationship with the people of Iran. We just have a leadership of Iran that, unfortunately, is standing in the way of reaching that different type of relationship, which is what is unfortunate.

In terms of – I mean, skepticism about assessments is probably a healthy thing. It is hard to know precisely what the intentions and capabilities of Iran are, particularly when we have a long history of Iran trying to hide those intentions and capabilities from the world. Let's go back a little bit in history and remember 2002-2003, when a dissident group in Iran first revealed to the world that they [the Iran regime] were working on uranium enrichment activities at Natanz, which they were trying to hide as a desert research facility, and they tried to hide the activities they had going on at Arak. Eventually, they had to admit those activities, but then of course they said this was for civil nuclear energy, and they tried to deny any connection to the AQ Khan network until the good investigations by the IAEA forced them to admit these connections as well. Here is a leadership that is trying to hide its activities from the rest of the world. In fact, the latest violation of safeguards obligation committed by Iran last year was when they said, "We're no longer going to inform the IAEA in advance," as they are required to do, "of new nuclear facilities." That raises strong concerns.

But we do know some things. We know that Iran is working to enrich uranium. There is no question about that. President Ahmadinejad not only said it, but IAEA inspectors go there. They see (unintelligible) these centrifuges. They go to Arak, and they see a heavy-water reactor under construction, so there is no question about that. And there is no question that that activity has led to serious concerns by the international community, and there is no question that that activity has violated multiple Security Council resolutions.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: First, I should admit that I am almost terrified to talk about the price of oil, because once at a press conference I said something that caused the price of oil to change, and I thought, "Boy, that's dangerous." Fortunately, I was able to go home and tell my wife I made it go down, but I don't want to do that again.

I think the leadership of Iran, in some ways, feels like they are in a strong position, particularly with the price of oil and the amount of money it has going into government coffers. At the same time, despite the amount of money the government has been able to get based on the price of oil, they have not done a good job of managing their economy. In fact, they have done a terrible job. You look at the level of inflation, the level of unemployment in Iran, and I think you why there is a lot of discontent among the Iranian people about the

current leadership. You see why, in the last elections for the Majlis, that the leadership and the religious authorities had to spend a lot of time disqualifying candidates so they couldn't win. So I think the price of oil makes them feel like they are in a strong position, but on the other hand, I think they are in a weak position vis-à-vis their own public. When their own public sees them mismanaging the economy and their own public sees them hurting the prestige of a great country in the eyes of the world, and isolating the country and causing the country to come under increasing sanctions and increasing financial restrictions that hurt them even that much more economically.

On the question of weaponization, the Director General has said that he has seen no evidence that declared nuclear material has been diverted to weapons programs, and Iran likes to quote that a lot. But at the same time, the concern of the IAEA is not the declared material. The concern of the IAEA is activities that may not be declared, and activities and indications they have of weaponization work. Why would you seek to amass the technologies and techniques that would be necessary to construct a nuclear warhead if you really did not intend to divert material to use in that warhead? The Director General was very clear in his last report, very clear at the last board meeting, that this is, in his words, a matter of serious concern.

At the last board meeting, what Iran tried to do, what Iran tried to say, was "We had this work plan, we have closed off all outstanding issues, our file is closed." But Mohamed ElBaradei made it very clear that that file is still open and that there are still troubling issues in it related to weapons-related work, that have not been explained. When Ambassador Sultaniya, the Iranian ambassador, in the technical briefing we had, said, "Oh, these are all baseless accusations," Olli Heinonen, who is the very capable and very well-respected head of the Safeguards Department of the IAEA said in fact, "I'm sorry. I can't accept that these are baseless accusations. These are serious. These are from multiple sources. These are consistent with nuclear weapons research and development, and we cannot give Iran a clean bill of health until they explain these activities and implement the additional protocol."

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: We have been prepared, in the past, to go further in terms of exerting pressure, whether through the Security Council or other means. In many ways, we have put a lot of pressure on already. We have sanctioned just about everything related to Iran. Often, we are looking to other countries and to the Security Council to take further steps. We hope countries across the world will look at what measures they can take to also help bring additional pressure to bear.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: Governments across the world have been engaged on this. Governments across the world have been conveying, publicly and privately, to Iran that they have to abide by Security Council resolutions. I remember, for example, at the last meeting of the IAEA Board – Iraq is right now on the IAEA Board – and the Governor of Iraq, like many other governors on the board, specifically called on Iran to cooperate with the IAEA, to explain these weaponization issues, and to comply with Security Council requirements. As far as I can tell, from where I sit in Vienna, Iraq is already sending the right messages to Iran but, again, unfortunately, the leadership of Iran is not listening at this point.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: First, I respectfully have to disagree with you on the last point. We have worked, I have worked in Vienna, closely with Arab League countries. I am going to be meeting with the head of the Arab League in Vienna in a couple of weeks to talk about how do we advance a common vision, which is a vision of the Middle East free of nuclear weapons. But, at this point, it is just a vision, and there are a couple of major obstacles in the way that we have to get past. One major obstacle is Middle East peace. If we are going to be able to have a Middle East, including Israel, that is free of nuclear weapons, countries are going to have to feel secure in their own borders. Before countries feel secure in their own borders, we are going to have to have something that looks like a comprehensive peace settlement, and at the core of that we are going to need to have Israel and Palestine, living side by side in peace and security.

The good news is that everyone – for the most part – shares that vision. Unfortunately, the one country whose leadership doesn't share that vision is Iran. When you have President Ahmadinejad calling for one of

those entities to be wiped off the face of the earth, when you have the leadership of the (unintelligible) actively trying to undercut the Middle East peace process, actively discouraging countries from going to Annapolis where we were working to restart that process...and so, first we need success toward Middle East peace, and that means Iran has to help in that regard as opposed to hindering.

Secondly, as long as Iran continues to these nuclear pursuits and these violations of their international obligations, the vision of a nuclear-weapons-free Middle East just recedes further and further away. Quite frankly, I am more worried that, rather than a Middle East free of nuclear weapons, we will have an arms race in the Middle East, prompted by what Iran is doing. That's not good for the region, and that is not good for Iran, for that matter, also. I think that is something we hope the Iranian leaders come to appreciate.

So we support the vision of a Middle East free of nuclear weapons. The Security Council, in its latest resolution, recognized that a solution to the Iranian nuclear problem would help advance that vision. I think the issue right in front of us today, whether it is in New York or Vienna, is what we heard from President Ahmadinejad two days ago – their determination to violate Security Council resolutions.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: This is something that will be discussed by Political Directors in Shanghai on April 16. How do we move forward with our dual-track strategy, what is the right mix of incentives and sanctions... I have to say, we think the offer that was made in June of 2006 is pretty darn generous. It is useful to go back and recall that offer. Essentially, not only are we all prepared to recognize Iran's right to peaceful nuclear energy, we are also prepared to support Iran in attaining that right, through access to state-of-the-art technology for light-water reactors, through legally binding assurances of fuel supply, through allowing them – if they so choose – to join a consortium in Russia, an international enrichment consortium, through helping them economically with economic integration, allowing discussions on security issues – it's a big offer. And it is an offer, so it is also available to negotiate. Rather than us sitting around, trying to figure out what Iran would like, I would be a lot happier if the Iranians said, "Okay, we are going to declare victory with our speech two days ago. We are going to suspend these activities. We are going to come to the negotiating table." And then let them tell us, and let's start a negotiation. That is what we would like to achieve. Rather than just negotiating amongst ourselves, I think we would like Iran to seriously consider the offer that is on the table.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: It is very hard to understand the decision-making process in Iran. It is rather opaque, even to the people – as I understand – who live in Iran. What we are all trying to do is to influence that decision-making process. We are trying to change the strategic calculus of Iran's leaders. We are trying to make them conclude that they are better off negotiating than continuing to violate international obligations. I am worried that recently we have seen somewhat of a hardening of their position. It is not just reflected in the type of statements that we have heard from President Ahmadinejad, but it is also reflected – for example – in the shift in their nuclear negotiators, from Dr. Larijani, who is quite hard-line himself, to Dr. Jalili, who as far as Javier Solana is concerned, is just completely unreasonable. We are a little bit worried that they are hardening their line in a way that, quite frankly, is not good for the people of Iran and that makes it all that much more important that all of us work together to strengthen the message that we are sending, and to make it very clear that this approach they are taking again leads them further into isolation, further into sanctions.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: I think there is a possibility to reach a negotiated solution. I think it depends less on Washington and it depends much more on Tehran. It depends on whether or not they show a willingness to negotiate seriously, whether or not they show a willingness to address international concerns. We have been very flexible, as have the Russians, the Chinese, and our European partners. I mentioned some of the elements of flexibility earlier, but unfortunately the Iranian leadership has been very inflexible. They have been very dogmatic in their approach, and they have sacrificed good opportunities to enter into negotiations. But I don't rule out the possibility of getting a negotiated settlement. That is precisely what we are trying to do.

Sometimes our position is misunderstood. Sometimes people think that the so-called P5+1 or EU-3+3 want to completely terminate Iran's enrichment program or blow up all the facilities. That is not the point. We want them to suspend these uranium enrichment activities, to take steps – and it will take some time – to regain the confidence of the international community, and we are prepared to allow them to participate in multilateral enrichment activities – but again, we think these should be activities that take place outside of Iran, at a point when there is great uncertainty and great suspicion about the type of activities that are taking place within Iran.

Someone asked before about Russia's position. I think it is quite telling that, when Russia offered to let Iran join a consortium on Russian soil, the Iranians at first rejected it out of hand. Then I think somebody smart said, "No, that's a bad thing to do – let's say we're ready to discuss it." So they discussed it for a while, but they tried to do two things. First, they wanted to get access to the technology, and secondly, they wanted to move this consortium to Iranian soil. And the Russians said no. And why is that? It is because the Russians don't trust them, like the rest of the world. Until they can regain international trust, I think the Security Council and the IAEA are going to expect them to suspend these type of activities that – oh, by the way – they don't need for a civil program.

I don't pretend to be an expert on Iran's leadership – probably many of you are, many of you know a lot more than I do and can give me good advice on that – but I suspect that if Iran's leaders wanted to justify a suspension, they could. I mean, this is not a completely free country and the press isn't completely free. If President Ahmadinejad wanted to, he probably could have given a very different speech two days ago. He probably could have proclaimed the great technological progress and so forth, said "We've mastered this technology – now we're ready to sit down and negotiate," and could have suspended these activities, and we could have gotten to negotiations. That is where we want to get – we want to get them into these negotiations. But to be successful, again, it is going to take continuing, sustaining, reinforcing, building support for this dual-track strategy of both incentives and disincentives, if we are going to be successful.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: We all hope that some day, the people of Iran can enjoy the rights of freedom they don't enjoy today. We all hope that some day the people of Iran will pick their own government with real elections, as opposed to elections in which the media discussion is controlled and candidates are disqualified. I think we all realize that is a long-term project, and that is a project that has to come from within Iran, with support from all the rest of us. In the meantime, we recognize we have to deal with the leadership that is there today. Secretary Rice has not said, "You're going to have change your regime before I come talk to you." She said she is ready to sit down at the negotiating table, with the current leadership – with her counterpart, the Foreign Minister – with her other colleagues present, as long as they suspend these enrichment activities. I suspect the leadership of Iran may worry about discontent amongst their own people, but in the meantime we are ready to negotiate directly with them, if all they do is suspend these enrichment activities.

QUESTION: (Unintelligible)

AMBASSADOR SCHULTE: A lot of people talk about security guarantees. I think it is the leadership of Iran who owes the rest of us a security guarantee. Here is a leadership that is working to master technologies to build nuclear weapons. Here is a leadership that has threatened to wipe a country off the face of the earth. Here is a leadership that supports terrorism. Here is a leadership that General Petraeus just told us is a source of many of the problems we face today in Iraq. They owe us security assurances. The best assurance of their own security that they can achieve is by entering into negotiations, by regaining the trust of the international community and sitting down and negotiating. Sometimes I think the leadership of Iran is only worried about their own security – staying in power – which could explain why someone like President Ahmadinejad likes to make these dramatic speeches. If they are really worried about the future prosperity and security of Iran, they would engage with the international community. They would abide by international commitments, rather than refusing to start negotiations.

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