



## Background Briefing on the Implementation Plan of the P5+1 and Iran's First Step Nuclear Agreement

**Special Briefing  
Senior Administration Officials  
Via teleconference  
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**MODERATOR:** Hi, everyone. I hope folks can hear me. This is [name and title withheld]. Thanks for joining the call on such short notice. I'm going to let folks know who we have on the line. Everyone will be referred to in any stories coming out of this as Senior Administration Officials. Three of those officials will give some opening remarks, and then we will open it up for questions.

The first will be [name and title withheld], Senior Administration Official One. Senior Administration Official Two will be [name and title withheld]. And Senior Administration Official Three will be [name and title withheld]. So from now on, I will refer to them as such.

So, [Senior Administration Official One], I think I'll open it up to you. We'll do some remarks again, and then we will get started.

**SENIOR ADMINISTRATION OFFICIAL ONE:** Sure. I'll just make a few opening comments. Today's agreement on the implementation of the Joint Plan of Action is an important step forward in a number of respects. First of all, this means that beginning January 20<sup>th</sup>, when the agreement comes into force for implementation, that Iran will for the first time in a decade halt the progress of its nuclear program and roll it back in key respects. And my colleague will get into those details, but the beginning of the dilution and conversion of the stockpile will be implemented as a part of this agreement. The limitations on Iran's enrichment capability and its installation of additional centrifuges comes into force. The new and more frequent inspections that will take place at Iran's nuclear sites will allow us to both learn more about the Iranian program and verify that it's keeping its commitments. And as we told you around the Joint Plan of Action, that includes both the enrichment facilities, the production facilities, and importantly, the Arak facility as well.

So beginning January 20<sup>th</sup>, we will have made concrete progress in our efforts to halt the progress of the Iranian program while creating the space and time over the next six months to negotiate a comprehensive resolution to this issue.

This was an important period of time over the last several weeks to negotiate this implementation agreement precisely because so much of it is frontloaded to commence on January 20<sup>th</sup> and because there's a broad range of technical understandings that needed to be reached between the Iranians, the P5+1, and the IAEA both with respect to how Iran meets its commitments, how these inspections can be structured, what the timing and sequencing of the implementation of the agreement is, and how we will move forward with our modest relief for the Iranians over the course of the six months.

So again, it's an important step forward in that we now have a plan to implement beginning January 20<sup>th</sup>, the agreement that was reached in November. We have a clear roadmap in terms of the timing and sequencing of the steps that will be taken by Iran and by the international community. And this now allows us to focus, beginning after January 20<sup>th</sup>, on the negotiation of the comprehensive resolution, which, of course, is the most important part of our effort to address our concerns with respect to Iran's nuclear program.

With that, I'll just turn it over to [Senior Administration Official Two], who can talk to the nuclear side, and then [Senior Administration Official Three] can talk to the relief side.

**SENIOR ADMINISTRATION OFFICIAL TWO:** Okay. The commitments Iran has made to halt the expansion of its nuclear program are all spelled out in the Joint Plan of Action that was decided on November 24. The technical understandings that we've worked out since then address questions like timing, including which provisions will be implemented on the first day and which would be spread out over the six-month period. These understandings are primarily for the IAEA. They establish what the IAEA should be looking for when they visit various facilities, when the IAEA will get the information they need to carry out managed access to new facilities that they've not been visiting as part of their regular safeguards activities, and also when we expect the IAEA and Iran to develop new procedures for the new activities that they'll be taking out.

Now, as far as the timing is concerned, on January 20, the first day, the IAEA will report on the current status of Iran's nuclear program and in particular will report that Iran is not taking the non-actions that they're supposed to not do, like not install additional centrifuges, not feed additional centrifuges, and so forth. So they will report on sort of the overall status.

But in addition, they will also report on several specific steps that Iran has committed to take on the first day, or it's – they would prepare before January 20 so that it can be taken and verified on January 20. One is halting enrichment over 5 percent, so they would stop production of the 20 percent enriched uranium and they would disconnect the cascades which have been connected together in tandem to efficiently produce 20 percent enriched uranium. They would start on the first day to dilute half of the 20 percent enriched uranium that it now has in gaseous UF<sub>6</sub> form, and they would continue to convert the rest of their UF<sub>6</sub> to oxide. In other words,

it would be put in a – in each case, both the dilution or conversion, they would put this material in a form that's not readily suitable for further enrichment.

And they would also provide on the first day the information that the IAEA will need to access the various facilities in the Plan of Action that they don't now – that they don't now see, including the centrifuge assembly workshops and centrifuge rotor production workshops.

They've also – we've also worked out an arrangement that the completion of dilution of UF6 20 percent will be carried out over the first three months, and they will continue the conversion of 20 percent UF6, which they've already – this has been underway for a while. They will continue that through the entire six-month period, so by the end of the six months it'll all be gone.

Now, to ensure Iran is fulfilling its commitments, it'll be the IAEA that's responsible for verifying and confirming all of the nuclear-related measures consistent with its broader safeguards verification role. In addition, the P5+1 and Iran will be setting up the joint commission that's mentioned in the JPOA, and that will work with the IAEA to monitor implementation of the Joint Plan of Action. And the joint commission, as spelled out in the JPOA, that will also work with the IAEA to facilitate resolution of past and present concerns with respect to Iran's nuclear program.

The joint commission will be composed of experts from the P5+1 and Iran. It will convene at least monthly. It will receive monthly updates from the IAEA as to Iran's compliance both with the actions it's supposed to take and the actions it's not supposed to take. And in order to provide these monthly updates, the IAEA will get more frequent access to these facilities so we'll have current information in order to make the updates. The enrichment facilities at Natanz and Fordow already have really weekly access, and that'll be moved up to daily inspector access. And the IAEA and Iran are now working out procedures which will permit the IAEA inspectors to review surveillance information on a daily basis and shorten the time for any Iranian – for the detection of any Iranian noncompliance.

The Arak reactor and its associated facilities which are now visited by the IAEA every three months, they will get monthly – the IAEA will have monthly access to them so that they can provide current monthly updates to the joint commission.

So that's sort of a summary of the technical understandings that have been worked out to implement the JPOA.

**SENIOR ADMINISTRATION OFFICIAL THREE:** Great. Good afternoon, everybody. Let me talk briefly about the sanctions relief component of the implementation plan, which, like the nuclear side of things, does implement what was agreed to in the Joint Plan of Action.

So as part of the initial step, the P5+1 has agreed to provide limited, temporary, targeted, and –critically – reversible relief to Iran. In order to receive any relief, Iran will need to demonstrate its continued fulfillment of its commitments under the Joint Plan of Action. As [Senior Administration Official Two] just noted, all along the way the IAEA will have unprecedented access to Iran's nuclear facilities to verify that Iran is satisfying its obligations and to detect any cheating. If Iran fails to meet its commitments, we will move not only to terminate the sanctions relief and the Joint Plan of Action but to increase our sanctions.

Moreover, the implantation plan also recognizes that the commitment that the U.S., acting consistent with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions is without prejudice to the full implantation of existing nuclear-related sanctions. As the President said today announcing this agreement, as we begin to implement the modest relief and pursue a comprehensive solution to Iran's nuclear program, we will continue to vigorously enforce the broader sanctions regime.

So getting into the specifics, some of the sanctions relief will be provided from the first day, other relief will roll out in installments over the course of the entire six-month period. Overall, we assess the value of the sanctions relief to be a maximum of \$7 billion over the course of the Joint Plan of Action. The relief is structured so that the overwhelming majority of the U.S. and international sanctions regime remains in place, including the key oil, energy, banking, and financial sanctions, as well as sanctions on Iran's energy, shipping, and port sector. Our secondary sanctions on Iran's key banks, which have isolated them from the international financial sector, also remain in place.

Once the IAEA has confirmed Iran is implementing its commitments, in return the P5+1 has committed to do the following on the first day of implementation: suspend the implementation of sanctions on Iran's petrochemical exports and Iran's imports of goods and services for its automotive manufacturing sector; suspend sanctions on Iran's import and export of gold and other precious metals with significant limitations that prevent Iran from using its restricted assets overseas to pay for these purchases; begin to process expeditiously license applications for the supply of spare parts and services, including inspection services for the safety of flight of Iran's civil aviation sector; pause efforts to reduce Iran's exports of crude oil to the six countries still purchasing from Iran; facilitate the establishment of a financial channel intended to support humanitarian trade to Iran, including the supply of medical services; and to facilitate payments for UN obligations and tuition payments for Iranian students studying abroad; and modify the thresholds for EU internal procedures for the authorization of permitted financial transactions.

The P5+1 has also committed to take certain actions to facilitate Iran's access to \$4.2 billion in restricted Iranian funds on a set schedule at regular intervals throughout the six-month period of the Joint Plan of Action. Access to a portion of these funds will be linked to Iran's progress in completing the dilution process for 20 percent enriched uranium. Iran will not have access to the final installment of the 4.2 billion until the last day of the six-month period.

And just to reiterate two key points: The core architecture of the U.S. and international sanctions remains in place, and we will – as we have – continue to vigorously enforce those sanctions as well as sanctions that relate to Iran's support for international terrorism and its gross human rights abuses; and second, while we have committed that we will not impose new nuclear-related sanctions on Iran during the period of the Joint Plan of Action, if Iran fails to meet its commitments under the Join Plan, we will move to increase our sanctions, working closely with Congress to do so.

Thanks.

**MODERATOR:** If [Senior Administration Official One's] still on, I think – do you want to make a few more comments, and then we can open it up for questions? Or maybe we lost him?

**SENIOR ADMINISTRATION OFFICIAL ONE:** Yeah. No, I'm here. So I'd just say a couple things and then we'll move to questions. I'd just note that with this agreement we now have assurance that as of January 20<sup>th</sup> Iran will have taken steps to halt production of its 20 percent enriched uranium, to disable the cascades that produce that 20 percent enriched uranium, and to begin to neutralize its stockpile, as well as to come into line with this inspections regime.

There has been an ongoing debate in Congress over whether to take additional action to impose sanctions during the life of this negotiation. I think the important progress reached today further underscores the risk of taking action that could derail these negotiations and deny us the progress that has been achieved in halting the Iranian program and rolling it back for the first time in a decade. So for that reason, the President once again reiterated that he will veto any sanctions legislation that is passed during the life of the negotiation.

Congress is an important partner that helped get us where we are today by imposing sanctions. The leverage exists to impose additional sanctions because we have made clear that we will move to additional sanctions if Iran does not comply or we don't reach an agreement. But we have an obligation and responsibility to try to achieve a peaceful resolution to the Iranian nuclear issue. We have now made concrete progress in pursuit of that goal and we have the opportunity to achieve that over the course of the next six months. And that's why we will continue to oppose any additional congressional sanctions coming into force over the course of the negotiation.

With that, [Moderator], we can move to questions.

**MODERATOR:** Great. So Don, our moderator, could you let folks on the call know how to ask a question, please?

**OPERATOR:** All right, thank you. Ladies and gentlemen, if you have a question, please press \* and 1. You'll hear a tone indicating you've been placed in queue. You may remove yourself from the queue by pressing the # key. Once again, \* and 1 if you have a question. All right.

**MODERATOR:** Great. Thank you so much. Let's just give it a couple seconds for folks to put their names on the list. Okay, great. So it looks like we have some. So the first question is from Michael Gordon of the *New York Times*. If the moderator could open that line, that'd be great.

**OPERATOR:** Okay.

**QUESTION:** For the second official, [Senior Administration Official Two], one of the issues that's come up in recent weeks has been, as I understand it, in the technical talks permissible R&D on maybe new centrifuges, centrifuges design. Can you please walk us through that, what was that all about and how it was resolved?

And two related things. Will this technical agreement be made public so that we can read it for ourselves and understand these rather detailed provisions? And a lot of the material you went over is familiar to me from November in your briefing at that time. Is there anything substantially new by way of constraints that you've outlined here? Thank you.

**SENIOR ADMINISTRATION OFFICIAL TWO:** Hello. The answer to your first question is that yes, there was some discussion. I mean, we went through all of the provisions of the Joint Plan of Action, and one of them deals with R&D practices and including the commitment that Iran will continue its current enrichment R&D practices. So they can't go beyond the existing R&D practices, including of centrifuges. And the existing R&D practices are those that are laid out in the November Director General – IAEA Director General's report, and that has a list of the centrifuges on which R&D can continue and it also talks about what sorts of activities are being done at the plant. And in our view, the provision is pretty clear in the Joint Plan of Action and we had some discussion of that with Iran. So that was – clarifying the provision on R&D practices was one of the things that we discussed.

As far as making the document public, this – these understandings are for the IAEA. It's designed to help them in their – well, we say in the Joint Plan of Action they're going to be responsible for verification. Our technical understandings are for the IAEA. It tells them what they should expect to see when they go to Natanz and Fordow, sort of the baseline on which to work. It tells them when they're going to get the information they need to start managed access and so forth. So the IAEA was part of these discussions. The first meeting was in Vienna so they could be there, and then they came to one of – actually, they came to both the meetings in Geneva, so they're part of it. And sort of the next step as far as monitoring and verification is up to the IAEA, and that's why – they are the consumer of what we've done.

**QUESTION:** Can I just ask, just to clarify, please, does this stop Iran from designing new types of centrifuges? What's the practical effect of the R&D clarification?

**SENIOR ADMINISTRATION OFFICIAL TWO:** Well, designing is not – all I would say is the – what you would do with a piece of paper and designing, that's not the sort of thing that the Joint Plan of Action – the Joint Plan of Action talks about research and development, R&D, and it mainly talks about what was going – practices at the Natanz power facility, which is the facility that the IAEA has access to and where we have reporting on.

**QUESTION:** So what's the practical effect of this R&D clarification that you labored over so hard? What does it preclude them from doing?

**SENIOR ADMINISTRATION OFFICIAL TWO:** It – I mean, their commitment is to continue their current enrichment R&D practices, and those are the practices that are laid out in the November Director General's report. This – that's been documented, and that's what they were – that's what they will continue to do.

**MODERATOR:** Okay, great. I think we're going to move on to the next question. The next question is from Arshad Mohammed of Reuters. If we could open his line, that would be great.

**QUESTION:** Thank you. Two questions, one for Official Number Two. Rather than describing what the Iranians can continue to do in this elliptical reference to the November IAEA report, which I will look up, but for the purposes of everybody on the call now, can you make explicit what are those specific activities that Iran is permitted to continue to do?

And secondly, for Official Number Three, as I recall, the White House fact sheet issued on November the 24<sup>th</sup> put the ballpark estimate of all of the sanctions relief at approximately \$7 billion, with obviously the biggest chunk of 4.2 billion in repatriation. Can you please, since I'm sure you guys have some estimate of this yourselves, break down for us over time how much, in dollar terms, sanctions relief you would expect would be provided as of day one, assuming you get the report from the IAEA that you want, and then, over the ensuing six months, how much sanctions relief will be provided each month or over time? And then finally, what is that last installment of the 4.2 billion that Iran would not receive until the final day of the six-month period?

**SENIOR ADMINISTRATION OFFICIAL TWO:** Okay. Why don't I answer the first part of your question. If you go to the August and November IAEA Director General's report, you would find that what they do at the Natanz R&D pilot facility is they feed those machines with natural uranium and they, at the end of the – or at the end of the process, they combine the product in the tails so there's no enriched uranium produced. And you will see that it mentions the IR-1, the IR-2M, the IR-4, the IR-5 and the IR-6. So those are the machines they can continue to work on, and those are the sorts of activities they can continue to do.

**QUESTION:** And may I ask – thank you for making that explicit. May I ask a follow-up on that? Is the Administration not concerned that the Iranians can therefore continue research on significantly more advanced centrifuges during this six-month period?

**SENIOR ADMINISTRATION OFFICIAL TWO:** Well, the deal is they can continue what they've been doing, but they can't go beyond that.

**QUESTION:** Right, but wouldn't you have preferred it if they could not continue that kind of research?

**SENIOR ADMINISTRATION OFFICIAL TWO:** Well, I mean, one can always imagine other things, but that's the arrangement that was made.

**SENIOR ADMINISTRATION OFFICIAL ONE:** And I'll just add to this, Arshad, that the – look, the – in the first step of this agreement, we were focused on cutting off their pathways to a nuclear weapon and halting their ability to make progress on their program, and then achieving the rollback for the stockpile. With respect to centrifuges, that, of course, prevents them from installing additional advanced centrifuges, enriching up to 20 percent, and there are the limitations on production of centrifuges related to replacing broken centrifuges. So they have restrictions on their ability to both produce and install centrifuges as part of the first-step agreement.

On the broader R&D questions, this will be a subject for the comprehensive resolution. So what we've done in the first step is, again, put the brakes on their program across both the enrichment at 20 percent, the production and installment of advanced centrifuges, the nuclearization of the stockpile and the Arak facility. But as we look comprehensively at issues like R&D and issues like the military aspects of the program, these are things that will have to be dealt with in the comprehensive resolution. So I think that points to one area of the negotiation over the course of the next six months, but at the same time we felt like it was necessary to put the brakes on the program in terms of enrichment, in terms of stockpile, in terms of Arak, while we had those broader discussions.

[Senior Administration Official Three], you'll be the best on the relief question.

**SENIOR ADMINISTRATION OFFICIAL THREE:** Yeah. So on the relief question, the answer is that on day one, we will, as I noted, suspend sanctions on the petrochemical and the auto sanctions. Don't expect that they'll be of any value on day one to the Iranians. To the extent that there's value from the suspension of those sanctions, it will come over the course of the six-month agreement. And there's also no access to funds that's made available on day one. The access to funds rolls out in regular monthly installments over the course of the Joint Plan of Action. But we are basically waiting to make certain that Iran has begun to fulfill its commitments as verified by the IAEA before any of the funds are made available to the Iranians.

There's a segment of the 4.2 billion that is being set aside as Iran meets its dilution milestones so that we have some additional certainty that Iran is proceeding to dilute the 20 percent uranium – that it's diluting at the pace and in the fashion that they've agreed to do so. So then that's the way the installment schedule has been designed.

**QUESTION:** And are the – is it six regular monthly installments of, say, \$700 million each over the six months? Or is it back-loaded so that the final installment is in fact larger than the previous six? I mean, can you – since you obviously have a schedule --

**SENIOR ADMINISTRATION OFFICIAL THREE:** Right, it's a smooth schedule of payments across. It's not – no balloon payment at the end. But sufficient funds are held for the last month – four, five and six payments that we continue to have significant leverage over the Iranians' compliance with their commitments.

**MODERATOR:** Great, thank you.

**QUESTION:** Actually, how much is it? Exactly how much is it?

**MODERATOR:** Arshad, we're going to have to move on. Just the last follow-up, please, because other folks are waiting.

**QUESTION:** Absolutely. Please describe the exact amounts of the installments so that the public can understand whether this is front-loaded, back-loaded or what exactly. I mean, can you please give us the exact monthly numbers for the 4.2 as it's divided over the six months?

**SENIOR ADMINISTRATION OFFICIAL THREE:** It's not front-loaded. It's – as I said, it's regular intervals over the course of the six months with a portion that is designed to recognize Iran hitting the milestones on the dilution of the 20 percent enriched uranium.

**MODERATOR:** Great. And I think – can the moderator just remind folks how to ask questions if folks didn't hear?

**OPERATOR:** Yes, ma'am. If you do have a question, it's \* and 1.

**MODERATOR:** Thank you.

**OPERATOR:** You're welcome.

**MODERATOR:** Great. Our next question comes from Barbara Slavin of *Al-Monitor*, if we could open her line, please.

**QUESTION:** Sure. Thank you very much for doing this. My question is about the humanitarian channel that was promised in the Joint Plan of Action. Can you please tell me what this entails? Are you going to set up a blessed channel between non-sanctioned Iranian banks and European banks? How will you facilitate humanitarian transactions?

**SENIOR ADMINISTRATION OFFICIAL THREE:** We'll be working to facilitate humanitarian transactions by working with the financial institutions that have funds that are available for the financing of humanitarian payments – sorry, humanitarian transactions. We'll be working also with the exporters to provide comforts to sort of all involved that these transactions are permissible, as they have been, but we'll be redoubling our efforts to do so.

There's not a white list of financial institutions, either overseas or in Iran, that are designated for this channel. But the effort is to provide comfort to the – both the financial institutions and the exporters that are involved in these transactions as well as, for that matter, the importers in Iran, so that this trade proceeds at – without any hitches.

**QUESTION:** Can you just give a little more detail on that? Because how do you provide comfort if Iranians are not able to use their own banks? You mentioned – I assume you're talking about the bank accounts that are abroad where they have their oil money stored, that they're going to be able to access that money and use that money for financial transactions.

**SENIOR ADMINISTRATION OFFICIAL THREE:** Right.

**QUESTION:** But no bank within Iran?

**SENIOR ADMINISTRATION OFFICIAL THREE:** No, there are banks in Iran that are available for engaging in these transactions. None of the banks that have been designated for involvement in Iran's nuclear program or its support for terrorism can be used to facilitate these transactions, but there are other banks in Iran that can.

**MODERATOR:** Great.

**QUESTION:** And will they be able to access the U.S. as well?

**MODERATOR:** That's all, Barbara.

**QUESTION:** Can they access U.S. banks as well?

**SENIOR ADMINISTRATION OFFICIAL THREE:** No.

**QUESTION:** So only European or Asian banks?

**SENIOR ADMINISTRATION OFFICIAL THREE:** Not – the Iranians banks cannot directly access U.S. banks. That remains the same.

**QUESTION:** Okay. Thank you.

**MODERATOR:** Great, thank you. The next question's from Kristen Welker of NBC.

**QUESTION:** Hi, this is Kristen. Thanks for doing the call. Quick question, I'm just trying to understand: If Iran violates any part of this deal, does the deal come to an end immediately? I know you said that there would be more sanctions. But what specifically does it mean for the deal? And more broadly, can you comment on – President Obama a little while ago had said he thinks there's a 50 percent chance that you'll get a broader agreement. Is that still the case, or is there a new level of hopefulness given these developments? Thank you.

**SENIOR ADMINISTRATION OFFICIAL ONE:** Sure, I can take that question. First of all, on noncompliance, because we have both daily access to the facilities as well as the monthly report to the IAEA, we'll have a very strong basis to assess whether or not Iranian is – Iran is complying. And that's a process that we will undertake with the P5+1 and with the IAEA so that there's a broad international basis as well as a U.S. basis for assessing whether Iran is living up to its end of the bargain.

I think the bottom line is this agreement is based on the two sides taking steps that fulfill their commitment, and the implementation plan provides for a roadmap for the timing and sequencing of those steps. I couldn't speculate onto specific scenarios of noncompliance. What I would say, though, is that if Iran does not comply with the agreement, then the relief that they've accessed as part of the agreement is reversed. And we have said that we would move to impose additional sanctions, including working with Congress to do so.

So the short answer to your question is yes, if we were to assess that Iran had not complied, then they would not be able to access the relief that they're slated to get through this agreement, and we would move to additional sanctions. Now, the specifics of those scenarios remain hypothetical, so at this point, I wouldn't want to speculate as to what an individual instance of noncompliance is. Our hope and expectation is that Iran will comply. And frankly, the fact that they have worked through this implementation agreement does give us a greater degree of confidence that we are going to see the concrete progress envisioned in the Joint Plan of

Action. Again, importantly, a number of the steps they were going to have to take, they'll take on the front end of this agreement. So we'll know on January 20<sup>th</sup> whether they are moving forward their commitment to halt enrichment at 20 percent, for instance, and to not install additional – and well – and disconnect those cascades that enable them to enrich up to 20 percent. And then we have a plan laid out for them to neutralize their stockpile.

With respect to the President's assessment, I think 50/50 would remain the general judgment that we would offer, because we do believe there is a very real opportunity to achieve the resolution – far and away the best opportunity we've had since President Obama came into office. The negotiations have been real and focused on the substance. That doesn't mean they've been easy. And frankly, part of the reason why it took several weeks to reach this agreement is because we made very clear that we were not going to move off of the principles and the actions that were outlined in Geneva in November. But the Iranian side didn't, again, address those issues through the negotiations with a commitment to achieving resolution, and so that continues to give us a degree of confidence that there is a real opportunity here, which is why we don't want that opportunity to be put at risk by additional sanctions being passed and enacted during the life of the negotiation.

I'd just add one point of clarification to one of Arshad's earlier questions, just to be slightly more specific on what – you had asked what Iran cannot do in terms of their advanced centrifuges. Iran cannot install additional advanced centrifuges at the Natanz facility. They also will not be able to feed those advanced centrifuges with UF<sub>6</sub> gas which will also slow their development on the industrial scale. So that has some bearing on both the centrifuges that they have installed as well as their ability to move forward broadly on their development of advanced centrifuges.

We'll go to the next question.

**MODERATOR:** Yeah. The next question is from Margaret Warner of PBS NewsHour.

**QUESTION:** Hi, everyone. Thank you for doing this. A couple quick follow-ups and then a question. One follow-up is in response to Michael Gordon's question. Are you – was your answering meaning to say, no, this text will not be released? Two, what about the replacement of damaged or nonfunctional centrifuges, advanced or otherwise? And finally, what has this process – does this give you confidence now, or what level of confidence do you have that six months is enough to reach a comprehensive agreement – in other words, by June – by July 20<sup>th</sup>? Or is it going to be farther out than that?

**SENIOR ADMINISTRATION OFFICIAL ONE:** Yeah, I'll take a stab at two of those and then I'm sure [Senior Administration Official Two] may want to address the centrifuge question.

First of all, with respect to the agreement that was reached, these are technical understandings that have been agreed among the P5+1, the Iranians and the IAEA. Frankly, ultimately, the IAEA and the EU as a lead negotiating body for the P5+1 will make those determinations about what to make public in those understandings.

So I would certainly anticipate that, as has been the case in the past, elements of the IAEA's reporting will be made public over the life of the six months in the implementation of the agreement, and so that will allow for a degree of transparency into the implementation of the agreement. At the same time, since these are technical understandings of the IAEA, some others will also remain confidential going forward. So we'll continue to endeavor to make as much information public as we can, and we'd expect that, as has been the case in the past, that some of the reporting by the IAEA will be publicly available over the course of the next several months.

With respect to the timing, look, I think nobody has any illusions that it's going to be simple or easy to reach an agreement. Frankly, in addition to – as I said before, in addition to dealing with questions of Iran's enrichment capability, our belief that, of course, they do not need a heavy water reactor in Arak, for instance. And the inspections regime – there are other issues that we'll be dealing with over the course of the next several months, to include, for instance, some of the military components of their program. As has been referenced, they have to resolve all past and present concerns of the IAEA. That certainly includes some of the work that had been done over the years on weaponization at a facility like Parchin. And we'll, of course, also have to address the R&D issues as well. So it's a broad and comprehensive negotiation with the objective of defining a mutually acceptable, limited, constrained, peaceful nuclear program that assures us that Iran has a nuclear program only for peaceful purposes, that prevents Iran from developing a nuclear weapon.

Now, the only thing I'd say on the more optimistic front is we have already addressed and begun to discuss all of these issues in the course of the negotiation of the first step, so this is not a standing start with respect to negotiations. We've developed a set of positions in the first-step negotiations that I think will serve us well in picking up the baton, as it were, and moving forward with the comprehensive negotiations. And so our expectation is certainly trying to achieve a comprehensive resolution in the course of the next six months. And we have said that this is not a new permanent state, that the first-step agreement should not be perceived as anything other than an agreement that has a six-month expiration date because we don't want it to be acceptable as an end state. It's rather intended to halt the progress of the program so we can achieve a mutually acceptable end state.

With that, I don't know, [Senior Administration Official Two], if you want to address the replacement question.

**SENIOR ADMINISTRATION OFFICIAL TWO:** Yeah. On the centrifuge question, one of the commitments that Iran made in the Joint Plan of Action says that its centrifuge production would be dedicated to replacement of damaged machines and the IAEA will be responsible for monitoring Iran's compliance with this commitment. They will have new access to facilities where a key centrifuge component, the rotor, is manufactured. They will also have new access to the facility where centrifuge components are assembled into a complete centrifuge. So they will have information on centrifuge production gathered that way. They already have some information on the rate of failure, centrifuge failure in Iran. They will be collecting – they will be getting from Iran more information on that. So by comparing what they learn on production and what they know and what they will learn on the failure rate, they will be able to inform the joint commission on those two numbers, and then judgments can be made as to whether Iran is, in fact, producing only the number of centrifuges necessary to replace damaged machines.

**MODERATOR:** Thanks, guys. We just have time for a few more questions. The next one is for Chris Good of ABC.

**QUESTION:** Hi, I just wanted to clarify two quick things with Senior Administration Official Number Three and then maybe ask a bigger question. I just want to make sure the 7 billion estimate is just for the sanctions relief, and that is – is that separate from the 4.2 billion access to frozen funds?

**SENIOR ADMINISTRATION OFFICIAL THREE:** No, no, no, that's all combined.

**QUESTION:** All combined.

**SENIOR ADMINISTRATION OFFICIAL THREE:** It includes the 4.2 billion of access to funds.

**QUESTION:** Okay. And then one other thing that you said that I don't recall how it worked in the November 24<sup>th</sup> deal, but I think you mentioned something about countries that already purchased oil from Iran that were no longer going to seek to reduce their purchases. Does that mean that countries that are purchasing Iran – I think they have to certify that they're working to reduce them or have reduced their imports. Do they no longer have to certify that?

**SENIOR ADMINISTRATION OFFICIAL THREE:** What the Joint Plan of Action provides is that we'll pause efforts to further reduce Iran's crude oil sales to their – to Iran's existing customers so that the – what had been the requirement to continue to significantly reduce is – will be essentially held in abeyance during the six-month period of this agreement. They cannot increase their amount of oil that they're importing, but they don't need to reduce.

That will hold Iran's oil exports at around a million barrels per day, which is down about 60 percent from where it began at the beginning of 2012 when we embarked on the effort to drive down Iran's oil sales, driving it down to about 2.5 million barrels today – a day to now about 1 million barrels per day.

**QUESTION:** Okay, thanks. And then the one other question I had is we kind of saw a hiccup in these implementation talks when State and Treasury announced new designations of sanctions, and at the time I think an American official said publicly that they had communicated to Iran that we were going to continue to enforce those sanctions. I guess I just wanted to ask: Have you communicated – has the U.S. communicated to Iran that new designations could come out over course of the six months, and is it your understanding that if the U.S. did announce any designations, Iran would not react in the same way that they did the last time?

**SENIOR ADMINISTRATION OFFICIAL THREE:** I can't obviously speak to how Iran might react, but we have been very clear from the outset of these discussions and have reiterated it in the course of working out this implementation agreement that our commitment not to impose new nuclear-related sanctions does not include any commitment not to continue to enforce existing sanctions and that we will, in fact, continue to enforce all of the sanctions that remain in place and we'll do so vigorously.

**QUESTION:** Just one quick follow-up --

**MODERATOR:** Okay, great. Thanks, Chris.

**QUESTION:** Okay, sorry.

**MODERATOR:** Our next question is from Margaret Brennan of CBS.

**QUESTION:** Thank you. Question: Over the next six months, can we expect that there will continue to be consultations at the principals level? In other words, will Zarif and Kerry be in contact, or is this solely the purview here of the IAEA and those experts you mentioned?

And for Senior Administration Official Number Three, how do you prevent money from being fungible here? And can you address that idea of, as money is coming in, that there will be restrictions on how Iran uses it and whether there are restrictions on swapping, say, oil for food and some of those deals that Iran was reportedly working on with Russia in the past few weeks?

**SENIOR ADMINISTRATION OFFICIAL ONE:** Yeah, I'll take the first question, Margaret. The – in terms of the process of negotiation, we expect that negotiations will commence after the agreement comes into force on January 20<sup>th</sup>. I would expect those to essentially take place at a variety of levels, as was the case with the first-step agreement. So a significant amount of work will be done at the technical level, given how much these questions get into highly technical aspects of the Iranian nuclear program. In addition, though, there'll be discussions at a political level and for the United States that will continue to be led by Wendy Sherman through the P5+1. And as necessary, Secretary Kerry will certainly remain engaged in those discussions when it becomes necessary.

So I think there'll be – we don't have a calendar to lay out for you, but I would expect a process of negotiation that incorporates both technical experts and the P5+1 and Iran as well as political leadership from the P5+1 and Iran to include, at the very least, Wendy Sherman and Secretary Kerry from the U.S. side.

The IAEA's role is really one of verification in terms of the implementation of the first-step agreement, so in parallel to the negotiation of the comprehensive resolution that will take place at that technical and political level, the IAEA will be seeking to verify Iranian compliance and carrying out their program of inspections.

Now, the P5+1 will also be involved in that process too through the commission that was established to work with the Iranians on these issues. So again, we'll have more details to come. I would certainly – I would just note I'd certainly expect the EU to continue to play an important role with Cathy Ashton in the negotiations, but again, I'd expect them to transpire in a way that is similar to how the first-step agreement was negotiated.

**SENIOR ADMINISTRATION OFFICIAL THREE:** And with respect to the funds, the financial institutions that are – that will be involved in the access that Iran will have to this \$4.2 billion over the course of the Joint Plan of Action recognize the limitations on how those funds can be used. So the funds can be used to facilitate imports into Iran of permissible goods and services. There's still a whole host of restrictions on what can be sold to Iran, including materials that support their nuclear program or the use of funds that support any of Iranians' support for terrorism around the world. So the funds although will be made available to facilitate

some additional imports, it's not as if these funds are completely (inaudible) for all purposes, including illicit purposes.

With respect to the report that you were referencing on Russia, obviously I'm not going to comment on that report. What I can say, though, on the – on oil sales is that the Joint Plan of Action clearly addresses the six countries that are currently importing oil from Iran and provides that they can hold their imports steady. All of the remaining sanctions by the U.S. and others, including the EU, on the purchase of Iranian oil all remain in place.

**MODERATOR:** Great, thank you. And the last question is from Nadia Bilbassy from Al Arabiya TV. Go ahead and open up her line. Is she still on? Nadia?

**OPERATOR:** Her – I do show her line open.

**MODERATOR:** Okay. Well, then, we will move to the next question, and final question unless Nadia hops back on, from Jim Sciutto of CNN.

**QUESTION:** Thank you, guys, in under the wire; appreciate you guys doing this. I'm aware of the Administration's position on if the Senate were to pass new sanctions, it would be disruptive, and also that, as you said again today, that there's always the option of going to the Congress if Iran violates this deal in any way. But in light of the move on the Hill for new sanctions and the building support there, getting close to a veto-proof majority, first question is: Did the Iranians communicate any sense of what they would do if such a bill were to pass, even with the possibility of that happening in the next couple of weeks? And what is the Administration's plan if that happens in the midst of this agreement?

**SENIOR ADMINISTRATION OFFICIAL ONE:** Yeah.

**QUESTION:** Specifically for the Iranians, would such sanctions that they communicate that – would such a bill disrupt this implementation plan that you've agreed to today?

**SENIOR ADMINISTRATION OFFICIAL ONE:** Yeah, I can take that question, Jim. First of all, with respect to the Iranians, they have communicated publicly in that Foreign Minister Zarif has said that new sanctions would cause them to leave the negotiation. So that's the public position taken by the Iranian Government. I will also say, as I think we've told you in the past, that our intelligence community has assessed that new sanctions enacted during the negotiations are likely to derail that negotiation.

I'd make a few other points. First of all, I think that we recognize that we are where we are in part because of the partnership with Congress on imposing sanctions, and frankly, Iran is well aware of the fact that Congress could move to pass new sanctions very quickly if the agreement is violated or if we don't achieve a comprehensive resolution. So the leverage that members of Congress have spoken about is in place. At the same time, however, we strongly believe that there should not be new sanctions passed during this negotiation. In terms of what we would do, the President made very clear that he will veto any new sanctions that are passed during the life of this negotiation.

And I think the stakes are very high here. We see now that on January 20<sup>th</sup>, there will be concrete progress – that Iran will stop enriching up to 20 percent; that Iran will neutralize its stockpile of 20 percent enriched uranium; that Iran will not move forward with its Arak heavy water reactor; and that we will get unprecedented access to Iranian nuclear facilities.

Why would you put all of that progress at risk to pass a sanctions bill that the administration is not asking for and that risks dividing the international community? Because in fact, not only do we think that a new sanctions bill could derail these talks. Ultimately, a new sanctions bill could undermine the sanctions regime that we have built so meticulously over the course of the last several years, because, essentially, if the talks are derailed by new U.S. unilateral sanctions, Iran would take that case to the international community and seek to create divisions in the international community. And we cannot afford any divisions in the application of the sanctions.

Because as you know, it's not simply the U.S. unilateral sanctions that have had a bite on the Iranian economy, it's the fact that we have gotten other countries, from India to Japan to South Korea, to of course our European allies, to reduce their purchases of Iranian oil. All of that could be put at risk if sanctions are passed during the life of this negotiation.

So we will continue to make very clear that now is not the time to pass new sanctions, that the President will veto new sanctions during the life of this negotiation, and that, frankly, this is our opportunity to achieve a peaceful resolution to this issue. And because of that opportunity, Congress should not take action that closes the door on diplomacy. And we appreciate the statements of support for a diplomatic resolution to the Iranian nuclear issue from many members of Congress, and our message to those members of the Congress is going to be that they should continue to support this effort, and that includes, by the way, through making clear that there's the leverage of additional sanctions if Iran does not comply with this agreement or if we don't reach an agreement at the end of the negotiations. However, that leverage is not advanced by passing new sanctions during the course of the agreement, precisely because, again, that could undermine the unity of the P5+1 and ultimately could derail the negotiations.

So I think the stakes are even higher now for there to not be action on a new sanctions bill in Congress given that we know this agreement is going to come into force on January 20<sup>th</sup> and we're going to see concrete progress for the first time in a decade in halting the uranium program and rolling back that stockpile of 20 percent enriched uranium.

**QUESTION:** If I could just follow – and thank you for that – I suppose the trouble is it's a strong argument, but it's an argument that's failed so far, to convince 59 senators, and our reporting is that there are more informally that expressed support for a sanctions bill. So what does the Administration – and in light of Zarif's comments that new sanctions would, in his words, kill the deal, what does the Administration do if, despite this push and despite this argument, that a sanctions bill goes forward, even if it had a 12-month timeline on it?

**SENIOR ADMINISTRATION OFFICIAL ONE:** Well, I think, again, our argument to Congress is that – look, many of those members of Congress have also said

that they support diplomacy, and the fact is that this is the diplomatic effort and we are the ones at the table, and we are aware of what creates positive leverage and what could split the international community and derail the talks. And so it is not useful leverage to pass a sanctions bill that will split the P5+1, potentially derail the talks, and ultimately undermine the sanctions regime more broadly. We'll continue to make that case to Congress, and if need be, the President will veto a sanctions bill that is passed by Congress during the course of this negotiation.

And I think another important point here is that we take the argument that sanctions provide leverage – we agree with that argument. But the fact of the matter is that that leverage already exists, because nobody doubts that Congress could move in a nanosecond to impose additional sanctions if Iran doesn't comply with the agreement or if we aren't able to negotiate an agreement during the course of negotiation. So the leverage is already there. It's not necessary to preempt the negotiation by passing sanctions during the course of our effort to negotiate a comprehensive resolution.

So we'll continue to make that argument to Congress. I do think that this agreement should be noted in Congress, because I think some members understandably were expressing a degree of frustration that we hadn't moved forward with implementation. I think that now that we have achieved this implementation agreement – and those people will be able to see concrete progress on January 20<sup>th</sup> – I think the stakes will further sink in. And we would hope that that would prevail upon Congress to avoid taking action that could jeopardize these negotiations.

And I'd note that we've had strong support for that position, for instance, from many committee chairmen in the Senate who signed on to a letter expressing that now is not the time for new sanctions. Senator Johnson, who is in the – chairs the Banking Committee that has produced these products in the past, has said he doesn't believe there should be new sanctions. Senators like Carl Levin, chair of the Armed Services Committee, Barbara Mikulski, Barbara Boxer and many others have expressed that position.

So, again, we'll continue to make our case, and we believe our case is strengthened by the fact that on January 20<sup>th</sup>, Iran will no longer be enriching at 20 percent, and we'll be getting the conversion and dilution of its stockpile of 20 percent enriched uranium.

**QUESTION:** Thanks very much.

**MODERATOR:** Great. Thank you so much, and thanks to everyone for joining the call. For folks who joined late, this was all on background. These were all senior Administration officials. So thanks, folks, for paying attention to the ground rules. And with that, the call is concluded. Have a great rest of your Sunday.