

TESTIMONY OF
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DEPUTY SECRETARY OF STATE
SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN DEVELOPMENT
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Mr. Chairman, Ranking Member Shelby, and Distinguished Members of the Committee:

Thank you for the opportunity to appear before this Committee today. The challenge posed by Iran to U.S. interests, to our friends and allies in the greater Middle East, and to the wider international community is one of the Obama administration's central foreign policy concerns.

First, let me be clear about our objective: our goal is to prevent Iran from achieving a nuclear weapons capability and we will work with our allies and partners towards that goal as well as to counter Iranian actions that threaten to destabilize the greater Middle East and the rest of the world.

To that end, the Obama Administration has embarked on a dual-track strategy that presents a clear choice to Iran's leaders: they can negotiate in good faith, prove their willingness to address the concerns of the international community, and in turn improve Iran's standing in that community, or they can face increasing international isolation and pressure. We see these two tracks as complementary rather than contradictory, with the understanding that engagement and pressure used in coordination offer the best and most likely path to our objective. We also understand the Congress's interest in taking action, and look forward to consulting fully on any legislative effort, with the aim of maximizing our ability to pursue this two track strategy.

The goals of engagement

Upon taking office, President Obama made clear that the United States was prepared to join our P5+1 partners as a full participant in future talks with the Islamic Republic of Iran. This marks a significant departure from previous approaches. We are engaging not because we believe in talking for talking's sake, but because the strategy of refusing to engage failed to achieve our vital goals. During the time when we refused direct engagement, Iran developed a growing mastery of the nuclear fuel cycle while flagrantly avoiding complying with its

international obligations and responsibilities. The Iranian government failed to respect the rights of its citizens, and its support for terrorist organizations continued.

We are realistic about the prospects from diplomacy, particularly given Iran's repeated intransigence and deception, most recently demonstrated by the previously undisclosed uranium-enrichment facility at Qom. We will state our concerns unequivocally and make clear to Iran's leaders the choice they have before them. Engagement not only opens up the prospect of better outcomes, but also strengthens our position in negotiations – or in forging a strong consensus with others if engagement does not produce the results we seek.

More concretely, engagement serves three purposes:

1. By leading with diplomacy and communicating directly, Iran will know precisely what we expect and what we are prepared to do if they take the necessary acts: they cannot hide behind false or misleading accusations about our positions or point to the lack of engagement as an excuse for inaction on their part. We in turn will be better placed to judge whether Iran is willing to seriously address our concerns.
2. As Secretary Clinton has said, engagement also opens up the possibility that dialogue will persuade Iran to alter its policies. Given the gravity and urgency of the situation, it is important that we employ all the tools available to us.
3. Engagement also allows us to mobilize international action if Iran refuses to respond positively to our efforts. By demonstrating our openness to a negotiated resolution of differences, the United States is significantly bolstering the willingness of other nations to stand with us if additional pressure should be necessary.

Early returns

Our dual-track strategy has led to some important steps in recent months.

In last week's talks in Geneva, intensive multilateral and bilateral engagement with our partners in the P5+1 and others laid the groundwork for potential progress. After the talks, President Obama explained that the meeting allowed the international community to convey a clear and unified message to the Iranian government: "Iran must demonstrate through concrete steps that it will live up to its responsibilities with regard to its nuclear program." He stated that the day's meeting "was a constructive beginning, but it must be followed by constructive action by

the Iranian government.” As Secretary Clinton emphasized, “We are not involved in a process just to say that we can check a box on process. We want to see concrete actions and positive results.”

The test of Iran’s seriousness in the coming weeks will be the practical steps it takes. Iran agreed in principle in Geneva last week to an international approach for supplying fuel for the Tehran Research Reactor by shipping out Iran’s low enriched uranium (LEU) to other countries for further enrichment and fabrication. If implemented this would significantly reduce Iran’s current LEU stockpile, a major source of anxiety in the region and beyond and demonstrate support for an exclusively peaceful nuclear program. This step, if implemented, would be a useful interim confidence building measure, allowing more time and diplomatic space for negotiations on a resolution of the more fundamental problems of Iran’s nuclear program. Additional discussions regarding the technical details are needed and are scheduled to take place under IAEA leadership in Vienna on October 19. Iran also agreed to allow the IAEA access to the previously undisclosed enrichment facility near Qom on October 25, which must be the first step toward full cooperation with the IAEA’s investigation.

As we have always said, Iran’s compliance with its international obligations will lead to more constructive relations with the international community and improved cooperation on security, economic, and other matters, as outlined in previous offers made by the P5+1. We anticipate another meeting between the P5+1 and Iranian officials before the end of October. This is bound to be a very difficult and uncertain process, and we will continue to build unity among our international partners consistent with our dual track strategy, which the P5+1 Ministers strongly reaffirmed in New York on September 23. We are prepared to give this process a chance, but we are not interested in engaging in talks for the sake of talking or an open-ended process. We can only sustain a process with measurable, practical results.

A united front

In this regard, the importance of a broad and united international coalition cannot be understated. With wide international support, sanctions regimes can be enforced, pressure can be sustained, and Iran’s leaders are less able to shift the blame from themselves to the U.S. for the pain caused by their behavior.

Three years ago, the United States was virtually alone in imposing pressure on Iran. Now, a growing coalition shares our concerns about Iran’s negative policies, and has made clear the necessity for Iran to change course. As the United States has shown its commitment to engaging in serious, good-faith talks, we are also working together to lay the groundwork for

concerted and effective international action to pressure Iran to change its policies if negotiations do not produce the necessary results.

Multilaterally, we have pursued a progressive tightening of United Nations Security Council sanctions on Iran through the adoption of resolutions 1737, 1747, and 1803. These resolutions have sent a powerful message to Iran that the international community will not allow Iran to break the rules that everyone else must live by. We have also worked with our colleagues at Treasury and with the international financial community through the Financial Action Task Force. As a result of sanctions and international efforts, the cost of doing business with Iran is going up.

Consistent with the UN Security Council's call on member states, the European Union has also adopted measures to limit granting of export credits. As a result, a number of European countries have worked successfully to reduce their export credit exposure to Iran, making it more difficult for Iran to finance its international trade.

Iran's nuclear program

The disturbing revelation of the previously undisclosed enrichment facility at Qom provides yet another example of why Iran's credibility is so low in the international community. For years, in contravention of its international obligations and responsibilities, Iran has frustrated IAEA efforts to address the international community's serious concerns with Iran's nuclear program, including Iranian efforts to develop a nuclear warhead. Tehran has defied UN Security Council resolutions and continued to enrich uranium.

While the United States, along with the international community, has acknowledged Iran's right to pursue a peaceful nuclear program, with those rights comes a crucial responsibility to prove "convincingly," as President Medvedev put it last month, the exclusively peaceful purposes of Iran's program.

President Obama stated this clearly last month at the United Nations: if the government of Iran chooses to "ignore international standards; if they put the pursuit of nuclear weapons ahead of regional stability and the security and opportunity of their own people; if they are oblivious to the dangers of escalating nuclear arms races in... the Middle East – then they must be held accountable. The world must stand together to demonstrate that international law is not an empty promise, and that treaties will be enforced."

Beyond the nuclear issue

There are other important areas of significant concern to the United States and the rest of the international community.

The United States and the broader international community remain gravely concerned about the Iranian government's repression of its own people. The internal turmoil and terrible repression of peaceful protestors, opposition politicians, and journalists that followed the June 12 elections in Iran revealed much about the character of the government. Its use of unwarranted arrests, prolonged detentions, and violence against ordinary citizens was condemned by our government at the highest levels, including by the President, as well as by counterparts in the international community. As President Obama affirmed, "The Iranian people have a universal right to assembly and free speech. If the Iranian government seeks the respect of the international community, it must respect those rights, and heed the will of its own people. It must govern through consent, and not coercion." It is still too early to tell what lasting impact the government's focus on stamping out internal debate will have on Iran's internal dynamics, or on Iran's destabilizing international and regional behavior, but prospects for reform remain uncertain.

The post-election repression is part of a broader international concern with Tehran's record of human-rights abuses, which has grown significantly worse in the past year. As documented in our annual human rights report on Iran, the government regularly uses torture and other forms of inhumane treatment against its own people. The government also severely restricts basic freedoms of expression, press, religion, and assembly to discourage political opposition, and manipulates Iran's electoral process, particularly through the mass disqualification of candidates.

We are also deeply concerned for the fate of American citizens currently detained or missing in Iran. Following on the recent consular visit by the Swiss, we urge the Iranian government to promptly return Shane Bauer, Sarah Shourd, and Josh Fattal to their families. We also call on the Iranian authorities to release immediately American citizens Kian Tajbakhsh and Reza Taghavi, and we ask Iran to use all of its facilities to determine the whereabouts and ensure the safe return of Robert Levinson.

Regional stability

Tehran's aggressive foreign policy also constitutes a threat to both regional stability and broader U.S. interests. Iran's claim to have its voice respected in the region depends on Iran's

willingness to play a positive and constructive role. Today, Iran is the leading state sponsor of terrorism, providing financial and other support to Hizballah, Hamas, Palestinian Islamic Jihad, certain Iraqi militant groups, and the Taliban. The role of the Islamic Revolutionary Guard Corps-Qods Force in supporting foreign militants continues to pose a threat to regional stability.

As the international community is engaged in efforts to promote dialogue between Israel and the Palestinian Authority, Iran is supporting those who deny Israel's right to exist, refuse to renounce violence, and work to sabotage efforts to re-launch negotiations that would establish an independent Palestinian state. President Ahmadinejad's inflammatory statements against Israel tarnish Iran's international standing and undermine the interests and aspirations of the Palestinian people.

Many governments in the region have grave and legitimate fears about Iran's policies and aggressive posture. These concerns contribute to our sense of urgency in making clear to Iran the need to resolve tensions and reassure Iran's neighbors and the wider international community.

In recent years, Iran has contributed to instability in Iraq, Afghanistan, Lebanon, and the Palestinian territories. The Obama administration's strategy in the greater Middle East has begun to significantly reduce Iran's ability to exploit conflict for its own gain.

Our broad engagement with regional partners has strengthened our position relative to Iran. The President's June 4 speech in Cairo conveyed a clear message to Muslim communities in the Middle East and around the world: the United States is committed to a "new beginning" to our relations, based on the principles of mutual respect and mutual interest. We are also working actively and intensively to bring a comprehensive resolution to the conflict between Israel and its Arab neighbors.

Regional governments threatened by Iran's activities are working more energetically to counter and diminish Iran's negative influence. As the Iraqi government continues to establish more capable and effective institutions, Iran's destabilizing activities have encountered new obstacles. Iraq and Iran share deep historic ties, but as the Iraqi government's capacity and confidence grows, it has chosen to assert its own sovereignty and speak out against Iranian influence. Iraq's increasing re-integration into the region and the greater international community reduces Iran's ability to manipulate and exacerbate differences among its neighbors.

We are working with the Gulf nations to increase cooperation to address security issues of mutual concern. These states support the responsible and transparent development of civilian

nuclear energy but have publicly declared their opposition to the pursuit of nuclear weapons and emphasized their grave concerns about Iran's nuclear intentions. They also protest Iran's meddling in the affairs of others. Some regional governments have signed arrangements with the U.S. on nuclear-energy cooperation that provide strong guarantees of peaceful intention by relying on the international market for nuclear fuel services without the development of an indigenous fuel cycle. The UAE-U.S. nuclear cooperation agreement, signed by both governments and currently in the congressional review process, contains a commitment on the part of the UAE not to pursue domestic enrichment or reprocessing activities. These efforts by other countries disprove Iran's assertions that the West seeks to block the pursuit of nuclear energy for peaceful purposes.

We have been working with our regional partners to help them develop the kind of cooperation that will enable them to better manage the political, diplomatic, and security challenges Iran poses. Examples include the GCC+3 forum to address Iran; inter-Arab cooperation to help address the political crisis in Lebanon; security and military talks with the Gulf states; and the increasing efforts on the part of Arab governments in working with and supporting the Government of Iraq. We are also supporting Lebanon's legitimate state institutions, in part so that the Lebanese do not turn to Hizballah for the provision of services or for security.

We continue to support military, law enforcement, and regulatory mechanisms and promote robust anti-terrorism cooperation with our Gulf partners to stem extremism and deny safe haven for terrorists throughout the broader region. With our important allies Egypt and Jordan, the only two Arab countries that currently have peace treaties with Israel, we are working on a broad range of shared initiatives, including promoting a comprehensive Middle East peace, countering terrorism, and promoting good governance, human rights, and economic prosperity. All these efforts work to constrain Iran's destabilizing policies in the region and build support for the United States in confronting and attempting to change those policies.

Conclusion

With our international partners, the United States will continue with our dual-track strategy with Iran. We are sincere in our desire to see Iran live up to its international obligations and responsibilities and play a positive and constructive role in the international community. We and the international community very much hope that Iran will make the needed choices for itself, the region, and the world at large.

Yet we will remain vigilant and judge whether Iran is willing to negotiate in good faith. If it is not, we will be prepared to move ahead swiftly and effectively with additional pressure and sanctions – with the confidence that our engagement will make such measures broad-based and effective.

We appreciate Congress' interest in making sure that we have the tools we need to meet the challenge posed by Iran's nuclear program. We believe that we have the authorities necessary to take strong action – alone and together with our international partners, should that prove necessary. We look forward to consulting with Congress on how best to use these as events develop.

Thank you. I look forward to answering any questions you have.