

Wednesday, December 1, 2010

Chairman Howard L. Berman's opening statement at hearing, "Imposing Tougher Sanctions on Iran: A Progress Report"

Verbatim as delivered

Iran's nuclear program is a fundamental threat to the United States, our friends and allies, and to the global consensus on halting and reversing the spread of nuclear weapons.

As we meet this morning, Iran's centrifuges continue to spin, making more and more enriched uranium that could ultimately be turned into fuel for nuclear weapons. This threat continues to grow with each passing day.

This summer, in response to that threat, Congress passed the most rigorous sanctions ever imposed on Iran, the Comprehensive Iran Sanctions, Accountability, and Divestment Act, or CISADA, as it is widely known.

The overwhelming vote for CISADA – 408-8 in the House, 98 to nothing in the Senate – was a powerful demonstration of the bipartisan commitment to a tough approach to halting Iran's nuclear program.

This Act broadly expanded the applicability of the original Iran Sanctions Act, including sanctioning third-country companies and banks involved in activities such as sales of refined petroleum to Iran, assistance to Iran's domestic refining capacity, and financial dealings with the Iranian Islamic Revolutionary Guard Corps, or IRGC.

The fundamental premise of our approach is that companies should choose the US market over the Iranian market. It's a sound approach but by no means a silver bullet for addressing Iran's desire to acquire a nuclear weapons capability.

Our legislation, even before the President signed it into law on July 1, helped to galvanize international opinion regarding the Iranian nuclear issue. The European Union, previously a key source of Iranian commerce and investment, passed its own set of tough sanctions in late July. Other states – Canada, Australia, South Korea, Japan, and Norway – followed with their own national sanctions.

As a result of our sanctions and additional financial measures pursued by the Administration, most major Western, Japanese, and South Korean energy companies have ceased selling Iran refined petroleum and investing in Iran's energy sector, and the doors of much of the financial, insurance, and shipping worlds have been closed to Iran.

Major oil companies, such as Royal Dutch Shell, Total of France, Italy's ENI, Vitol, Norway's Statoil, Spain's Repsol, and Japan's INPEX, have all ended or are in the process of ending their energy projects in Iran. And there are numerous reports that these sanctions have seriously hurt the Iranian economy and deepened political fissures in the Iranian leadership. But is that, in fact, the case? And, if so, how much closer does it bring us to our real objective, which is to persuade Iran to suspend its nuclear enrichment program and end its nuclear weapons program?

The purpose of this hearing is to attempt to answer those very questions. I would like to hear the witnesses' candid assessment of the current sanctions regime. Is it helping us to achieve our goal of an Iran without nuclear arms? Are sanctions having the desired impact on Iran's economy, and are we getting closer to persuading Iran to suspend its uranium enrichment program, as repeatedly demanded by the international community? In particular, is international support for sanctions holding firm? How much back-filling is there by companies whose governments have not imposed national sanctions?

On that last point, there seems to be no doubt that Chinese companies are pursuing energy investments and selling Iran refined petroleum. The Chinese acknowledge it. I'd like to know why we haven't sanctioned any of the Chinese companies engaged in clearly sanctionable actions. I'm concerned that we will not be able to sustain a robust sanctions regime if we don't impose sanctions in an even-handed manner.

Many leading Western, Japanese, and South Korean companies have pulled out of Iran because they feared we would otherwise impose sanctions. Will they stay out if they see that others are getting off scot-free? Is the problem that we lack leverage over the Chinese companies? What kind of message do we send if we fail to sanction companies that are transparently engaged in sanctionable activities?

I know the Administration did impose sanctions on one company, NICO, which is based in Switzerland, but since NICO is an Iranian state-owned company that, by definition, would be barred from dealing with the US market, that action does not seem to me to have much of a deterrent effect. I hope Under Secretary Burns, in particular, will address these issues.

In addition, I would welcome Under Secretary Burns' views on other key aspects of the Iranian nuclear issue, such as the recent interruption in Iran's enrichment activities and the general diminishing of its enrichment efficiency, as reported by the IAEA.

How meaningful is that slowdown? Should it alter our previous calculations regarding Iran's nuclear program? Have the recent revelations regarding North Korea's apparently enhanced nuclear facilities affected those calculations?

What can you tell us regarding upcoming negotiations with Iran, now scheduled to commence in a few days in Geneva?

Lastly, this month marks the one-year anniversary of the last major demonstrations by Iran's reformist Green Movement, which mushroomed in the wake of the June 2009 hijacking of the Presidential elections by Ahmadinejad. Where does the Green Movement stand today, and what can we do to affirm our clear support for the pro-democracy forces in Iran?

I would like to close by re-affirming my own strong support for our sanctions effort. It is our last best hope for resolving the Iranian nuclear issue in a peaceful manner. As I have said on many occasions, the alternatives are military action and, even worse, acquiescence to a nuclear-armed Iran. And both of those alternatives are unpalatable.

I also want to really commend the Administration for placing such a high priority on the Iranian nuclear issue and for the effectiveness of its policies thus far. Thanks to this Administration's artful diplomacy, we have far more international support on this issue than most of us thought even remotely possible as little as six months ago.

From the outset, this Administration has made Iran a top priority item in virtually every meeting with foreign leaders, and the results show. The Administration's successful jawboning of many banks and energy companies has also made a significant contribution to the effort to isolate Iran economically.

So, five months to the day since CISADA became law, I look forward to your candid assessment of the effectiveness of our sanctions effort and how it can be improved, as well as your assessment of the prospect that we will succeed in our larger goal of preventing Iran from achieving nuclear-weapons status.

I also want to give the witnesses every opportunity, should they choose, to comment on the significant number of documents concerning Iran which were unfortunately released by Wikileaks. However much one might deplore the unauthorized release of internal US diplomatic communications, they do disclose the very high priority that this President, from the outset, has put on ending the Iranian nuclear weapons program.