

TESTIMONY OF
AMBASSADOR WILLIAM J. BURNS
UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS
HOUSE COMMITTEE ON FOREIGN AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Berman, Ranking Member Ros-Lehtinen, Distinguished Members of the Committee: thank you for inviting me to appear before you today.

This hearing comes at an important juncture in the history of the international community's concerns with Iran's nuclear program. In five days, I will join our P5+1 partners in sitting down with Iran to address these concerns. This meeting takes place against a backdrop of the toughest economic sanctions and diplomatic pressure the Iranian Government has faced.

We enter these negotiations with the support of the international community, and with the desire that Iran's leaders come to the table with the seriousness and resolve the world expects of them. The international community is unified in its belief that a nuclear-armed Iran would have grave implications for the stability of the Gulf region, the broader Middle East, and the global economy. These concerns are only underscored by the destabilizing character of Iran's longstanding financial and operational support to terrorist organizations such as Hizballah, Hamas and Palestine Islamic Jihad; its cultivation of militancy, instability and violence in Iraq and Afghanistan; its hateful, anti-Semitic rhetoric; and its brutal repression of its own citizens. As the EU High Representative, Catherine Ashton, stated following the last meeting of the P5+1 on September 22, our goal is clear and unified: to

achieve a diplomatic resolution to the threat posed by Iran's nuclear ambitions and to address the world's broader concerns with Iran. Now, more than ever, we have seen that our concerted efforts to both engage Iran and sharpen choices for its leaders have begun to yield significant results.

We must prevent Iran from developing nuclear weapons and counter its other destabilizing actions. These objectives are inextricably linked to our broader interests in democracy, human rights, and development across the Middle East.

Nearly two years ago, President Obama began an unprecedented effort at engagement with Iran. We did so without illusions about Iran, or the scope of our differences over the past thirty years. We sought to create early opportunities for Iran to pursue a different path and to build confidence in its intentions. This was both a serious demonstration of our good faith, and also an investment in partnership with a growing coalition of countries profoundly concerned about Iran's nuclear ambitions.

Instead, Iran has continued to expand its enrichment activities, including increasing enrichment of uranium to nearly twenty percent; it remains in noncompliance with its IAEA Safeguards Agreement; it refuses to suspend all its uranium enrichment-related, reprocessing, and heavy water-related activities as required by the UN Security Council; and has yet to cooperate fully with the IAEA's ongoing investigation, including by answering questions regarding the possible military dimensions of its nuclear program. Given Iran's continued non-compliance with its obligations, we have demonstrated our seriousness about the second track of our two-track strategy: increased pressure.

Five months ago, United Nations Security Council adopted Resolution 1929, which sent a clear message of what the international community expects from Iran,

and the consequences of Iran's decision to shirk its responsibilities to the global non-proliferation regime. By far the toughest of the four Chapter Seven resolutions enacted in recent years, 1929 broke important new ground in curbing arms transfers to Iran; targeting the central role of the IRGC in Iran's proliferation efforts; banning for the first time all Iranian activities related to ballistic missiles that could deliver a nuclear weapon; sharply limiting Iran's ability to use the international financial system to fund and facilitate nuclear and missile proliferation; and for the first time highlighting clear links between Iran's energy sector and its nuclear ambitions. Russia's partnership was particularly crucial to passage of such an effective resolution, which led directly to its enormously important cancellation of the S-300 surface-to-air missile sale to Iran.

UNSCR 1929 strengthened previous UN sanctions resolutions and provided a platform upon which the European Union, Norway, Australia, Canada, South Korea, and Japan implemented a series of important, tough follow-on measures. U.S. efforts to implement and enforce multilateral sanctions are supplemented by a number of important national sanctions tools, including the Iran Sanctions Act and the Comprehensive Iran Sanctions, Accountability, and Divestment Act. None of this is accidental. After over 30 years of U.S. sanctions on dealing with Iran, the overwhelming bulk of Iran's international trade is with other countries. It is their withdrawal from trade and investment with Iran that will have the most direct effect.

We have worked intensively with our partners, in conversation after conversation and trip after trip around the world, to produce an unprecedented package of measures, and to ensure robust enforcement. In our regular dialogue with these and other countries, and with the international private sector, we press for aggressive implementation of existing multilateral and national sanctions.

Our collective efforts to demonstrate to Iran that pursuing its nuclear program comes at a great cost have yielded results. Sanctions have hindered Iran's development of a nuclear weapons capability and the means to deliver them, while making it harder for Iran to continue its destabilizing activities in the region. Iran is experiencing difficulty in obtaining access to financial and transportation services that are the lifeblood of international commerce – and of Iranian proliferation. The international private sector has grown wary of conducting business with Iranian banks, and we routinely see foreign financial institutions voluntarily curtailing their interactions with Iran.

When the President signed into law the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA) in early July, the Administration and the Congress sent an unmistakable signal of American resolve and purpose, expanding significantly the scope of our domestic sanctions and maximizing the impact of new multilateral measures.

We are enforcing the law rigorously and energetically. Already, more foreign investment in Iran has been curbed. In late September, Secretary Clinton imposed sanctions for the first time in the history of the ISA, on a Swiss-based, Iranian-owned firm involved in hundreds of millions of dollars worth of deals in Iran. Deputy Secretary Steinberg announced that we have opened formal investigations into other firms. Just as importantly, we have used the powerful instrument provided by CISADA's "special rule" to persuade major European and Asian firms, including Shell, Statoil, ENI, Total and INPEX, to terminate or take significant verifiable steps toward stopping potentially sanctionable activities in Iran and provide clear assurances that they would not undertake any sanctionable activities in Iran's energy sector in the future. According to reliable estimates, Iran

may be losing as much as \$50-60 billion overall in potential energy investments, along with the critical technology and know-how that comes with them.

More specifically, major international oil companies such as Shell, Statoil, ENI, Total and INPEX have decided not to undertake any new activities in Iran. In addition, major fuel suppliers such as Vitol, Shell, Reliance, IPG, Glencore, and Trafigura have announced that they will no longer sell refined petroleum products to Iran. Investment in Iran's upstream oil and gas sector has dropped dramatically, forcing Iran to abandon liquefied natural gas projects for lack of foreign investment and technical expertise. Major providers of jet fuel, such as British Petroleum, Royal Dutch Shell and Q8, among others, have canceled contracts to refuel Iran Air planes in airports around the world, forcing Iran Air to cancel flights and change routes, at great expense to its operations and reputation.

In addition to the withdrawal of energy companies from Iran, a number of shipping companies have discontinued services to Iran and several maritime shipping insurers have announced that they will not provide coverage for Iranian-bound vessels. Many companies are going beyond what is required by sanctions. For example, the automakers Daimler, Toyota and Kia have all stopped exporting cars to Iran. These examples represent a coordinated effort by the international community to implement a sanctions regime, and an acknowledgement by the private sector that business-as-usual cannot and will not continue with Iran.

Still, we must remember that sanctions are not an end in themselves. Our foremost objective – one that is shared by our international partners and our allies in the region – is a diplomatic solution to the world's concerns about the Iranian nuclear program and the broader issues at stake with Iran. However, the decision to adopt a more constructive course remains with Iran's leaders.

We also take very seriously CISADA's provisions regarding human rights concerns in Iran. On September 29, the United States sanctioned eight Iranian officials for serious human rights abuses in accordance with the Comprehensive Iran Sanctions, Accountability, and Divestment Act, and we are working with the Department of the Treasury on other potential designations. One of the best ways in which we and others can support the cause of universal human rights in Iran, and the brave people who defend them, is to hold accountable people who deny them their rights.

Iran's failure to meet its international obligations is not limited to its nuclear program. More than one year after Iran's disputed presidential elections, Iran continues to harass, detain, and imprison those Iranians who demand accountability from their government and who stand up for the rights of their fellow citizens. Along with our international partners, we will continue to call attention to these abuses and call on the leaders of the Islamic Republic of Iran to respect the fundamental rights guaranteed to their people under Iran's own constitution. On November 18, the United States, along with our European, Canadian, and Australian partners, welcomed the adoption of a resolution on Iran's human rights situation by the largest margin to date in the Third Committee of the United Nations General Assembly. We continue to pursue ways to promote freedom of expression on the internet and through other connection technologies, and have worked to issue a general license which allows certain free and downloadable personal communications software – email, chat, blogging – to be available inside Iran. Our programming is also focusing on allowing innovative projects that support free expression and access to information via the internet.

Let me note here our deep and continuing concern for the safety and well being of all American citizens currently detained or missing in Iran. We urge the Iranian government to promptly release Shane Bauer and Joshua Fattal so that they may return to their families, just as it released Sarah Shourd in September. We also call upon Iran to use all of its facilities to determine the whereabouts and ensure the safe return of Robert Levinson.

Iran still has before it the opportunity to engage constructively with the P5+1. Our objective continues to be a comprehensive, long-term, negotiated solution which restores international confidence in the exclusively peaceful nature of Iran's nuclear program, while respecting Iran's legitimate right to the peaceful use of nuclear energy. We remain determined and united in our efforts for this purpose, although we have no illusions that the Iranian Government will change course overnight. Meeting its international obligations can pave the way for Iran to reap the benefits of being a responsible international actor. Failure to do so only makes Iran less secure, less prosperous, and increasingly isolated.