

# U.S. POLICY TOWARD IRAN

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HEARING  
BEFORE THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED TENTH CONGRESS  
SECOND SESSION

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JULY 9, 2008  
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**Serial No. 110-210**  
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Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/>

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U.S. GOVERNMENT PRINTING OFFICE

43-353PDF

WASHINGTON : 2008

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WEDNESDAY, JULY 9, 2008

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:00, a.m. in room 2172, Rayburn House Office Building, Hon. Howard L. Berman (chairman of the committee) presiding.

Chairman BERMAN. The Foreign Affairs Committee will come to order. I would like first just to reiterate the committee's policy on the handling of protests. We have no objection to audience members wearing tee shirts, hats expressing their views, but to maintain order in the hearing room, we request that audience members do not hold up or wave signs, make gestures to attract attention, stand up and protest, shout or yell one's views or otherwise disrupt the hearing.

We will ask the Capitol Police to remove anyone from the room who violates this policy and it is the policy of the Capitol Police to arrest anyone ejected from a hearing room.

The chair's intent is to recognize himself for an opening statement, the ranking member for an opening statement, the chair of the Subcommittee on the Middle East and South Asia for an opening statement, and then given that we have a distinguished but solitary witness, I am prepared for members who wish to have a second round of questioning so everyone gets a chance and can use their first one for their own statement and the second one for the questions if they want.

I now recognize myself for an opening statement.

If Iran were to acquire nuclear arms, the world would be forever changed. The most active state sponsor of terrorism could, and possibly would, wield the most terrifying weapon of all.

Iran's mere possession of a nuclear capability would be transformative in the Middle East and beyond. As a member of the nuclear club, Tehran's destructive leverage in international diplomacy would increase immensely, even vis-à-vis the United States and the West. Sunni Arab states would be intimidated and more likely to follow Iran's lead. Achieving nuclear status would exponentially increase Iran's influence and the appeal of fundamentalism throughout the Islamic world.

Tehran's terrorist offspring such as Hezbollah and Hamas would constantly clamor for access to Iran's nuclear know-how—and can we comfortably rule out the possibility that they would acquire it, through direct or indirect means? We can't even assume that Iranian nuclear security, even with the best of intentions, would be

airtight against theft by these groups or their sympathizers in Iran's paramilitary services. The international nuclear arms control regime would be effectively dead, as numerous states in the Middle East would rush to acquire nuclear arms to counterbalance Iran. In short, this would be a world in which the United States and its friends and nations throughout the region would be constantly under threat of nuclear attack and never at rest.

The deadline for solving this looming problem is fast upon us as Iran daily inches closer to the point where it can produce enough weapons-grade uranium to make a nuclear bomb. No one precisely knows when that will happen, but most experts say it will be soon. Some predict as early as the end of this year. The National Intelligence Estimates (NIE) published earlier this year said that it would be sometime in the 2010–2015 time frame and possibly as early as the end of next year. When it does happen, a threshold will have been crossed; once Iran is producing nuclear weapons-grade material, the difficulty of keeping it from becoming a nuclear power will be massively increased.

For one United States ally, Israel, the threat posed by a nuclear Iran would be existential. To illustrate the immediacy of this point, we need look no further than today's news of an Iranian long-range missile test—a missile capable of carrying a nuclear payload to Israel. This, coupled with the belligerent talk from Tehran of “enemy targets” being “under surveillance,” could not make it any clearer that we need to use every diplomatic and economic tool available to steer Iran away from developing nuclear weapons capability.

There are optimists who believe that if Iran, were it to acquire nuclear arms, could be deterred just as the Soviets were. But given the martyrdom mentality of the Iranian leadership, one cannot be sure. The risks are too great to hope that an Iranian Government that frequently calls for the end of Israel's very existence will be calmed and pacified by a nuclear arsenal.

Stopping Iran's nuclear quest is our most urgent strategic challenge. The United States should give this threat the priority it deserves.

We need to impose sanctions on companies that invest in Iran's energy sector. We have had a law on the books for a dozen years that requires such sanctions, but it never has been enforced. Some of these companies are based in Europe. It is time for our European allies and their corporations to cease investing in Iran.

Major EU states acknowledge that Iran is trying to acquire nuclear arms and the EU has begun slowly to ratchet up sanctions, including, most recently, on Bank Melli, Iran's leading financial institution. But it is time for them to take far more significant steps along lines of cutting off all significant commerce with Iran, as we did years ago—or at least I thought we did. I'm not so sure after yesterday's Associated Press report that United States exports to Iran have increased nearly twentyfold during the Bush administration years, up to nearly \$150 million in 2007.

Iran should also be at the top of the agenda in our bilateral relationship with Russia. Some believe Russia's major foreign policy priority is to thwart United States policy at every turn. I question that, and Secretary Burns' perspective on that issue would be of

great value. At the least, we should test the proposition through disciplined prioritization of our goals—followed by hard bargaining—with Moscow.

Last month our country again joined the “EU-3”—Britain, France and Germany—along with Russia and China, in offering Iran generous trade and even certain types of assistance. Iran, which brushed aside a similar offer 2 years ago, responded to the latest offer just last week. That response has not been made public, but perhaps Ambassador Burns can enlighten us today about its contents. Nevertheless, my understanding is that our offer has once again followed our tradition of making dialogue with Iran conditional on Iran’s suspension of its uranium enrichment program.

Perhaps Iran is determined to go nuclear, but we need to make a direct, unconditional effort to engage them and to dissuade them from that course, as the international community has demanded. Moreover, I am convinced we won’t be able to rally world opinion to our side if we don’t make clear our willingness for unconditional engagement with Iran, and I reject those who believe that talking is tantamount to surrender.

So we should agree to join the “EU-3,” Russia, and China in an unconditional dialogue with Iran—or, if our partners prefer, we should meet with Iran bilaterally—on the understanding that our partners would fully support crippling sanctions if Iran rejects our dialogue or ultimately refuses to cease enriching uranium.

Administration policy toward Iran has been a failure, veering from one approach to another. Iran has made continuous progress in its nuclear program throughout the Bush years, international support for sanctions has not gathered much steam, and our allies still do far less than they should. It is time for us to give the Iran problem the priority it deserves and the creative policy it requires—before it is too late.

With that, I yield 7 minutes to the gentlelady from Florida, the ranking member of the committee, Ileana Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Chairman. Ambassador Burns, it is a pleasure to see you again. Let me take this opportunity to congratulate you on your well-deserved promotion, and I look forward to working closely with you in your new capacity, as was the case during your tenure as Assistant Secretary for Near Eastern Affairs.

Mr. Chairman, as you pointed out, today’s hearing could not be more timely as this morning’s news reports that Iran fired nine long- and medium-range missiles today, with one of those estimated to have the capacity of reaching Israel and United States bases in the region. The official Iranian news agency quoted the Air Force commander of Iran’s Revolutionary Guards as saying, “Our hands are always on the trigger and our missiles are ready for launch.” Statements such as these should come as no surprise, however.

Almost three decades ago, Iranian radicals took control of that country and clearly demonstrated the nature of the regime by seizing the U.S. Embassy and holding 52 American hostages for 444 days. I know that some of these courageous Americans are sitting in the audience today, and I want to thank them for being here. And Secretary Burns, they have been able to get some help from

the State Department, but really not the support that they deserve. And I ask you to help correct the situation and increase our efforts in holding the Iranian regime accountable for their ordeal of being held hostage for 444 days.

Today, the regime in Tehran remains a repressive autocracy committed to dominating the Persian Gulf and surrounding states through military coercion and political subversion, to promoting terrorism worldwide, and to undermining our vital national security interests. The greatest danger, arguably, is Iran's long-standing covert nuclear weapons program. Six years ago, the existence of this program was revealed to the world, and to great surprise to the regime in Iran which believed it had successfully hidden its illicit activities from teams of international inspectors for almost two decades. According to the IAEA, Iran's repeated deceptions and breaches of its international obligations include sophisticated work on manufacturing nuclear weapons. In fact, it was recently reported that Iran has continued to make progress on this equipment whose only real use is for weapons-related purposes.

Among the IAEA's discoveries were blueprints for constructing a nuclear warhead that experts believe may have been sold to Iran in the 1990s by the network of A.Q. Kahn, the father of Pakistan's nuclear bomb and the head of a smuggling network that sold nuclear plans technology and materials to North Korea and Libya, among others. These revelations give added urgency to two concerns highlighted by the IAEA in its May 2008 report on the Iranian nuclear program. The first is that Iran has made significant progress in constructing and operating the centrifuges needed to enrich uranium to weapons-grade levels.

The second is Iran's refusal to cooperate fully with the IAEA inspectors in answering questions regarding a number of issues, such as studies on high explosives testing for nuclear warheads and the development of missiles capable of carrying those warheads. And as today's news reports clearly show, Iran already has short- and medium-range missiles capable of reaching United States forces and allies in the region, and is also pursuing long-range ballistic missiles to enable it to reach Europe and possibly the United States.

Notably, Iranian officials were present at the July 2006 North Korean missile test, which included the firing of two long-range Taepodong missiles, estimated by United States intelligence agencies as having a potential range reaching as far as Alaska. Three U.N. Security Council resolutions have been adopted that require Iran to suspend enrichment and reprocessing efforts, but require only minimal sanctions for Iran's failure to adhere to its non-proliferation responsibilities. At the same time, the regime's strategy of delay manipulation, and selective threats has succeeded in securing inducements and capitulation from the rest of the world. Earlier this month, Javier Solana the European Union's foreign policy chief, was back in Tehran presenting his latest offer from the P5+1 group of nations. This most recent offer to Iran includes extended and expanded cooperation in telecommunications, agriculture and civil aviation, but also nuclear fuel guarantees and assistance in building a light water nuclear reactor.



Yes, we are actually offering Iran nuclear assistance for peaceful purposes as a means of convincing the Iranian leadership to give up the nuclear program, which they claim is for peaceful purposes.

This is a conflicted approach and it is reminiscent of another six-nation process involving another rogue regime of proliferation concern, North Korea. The Six-Party Talks of North Korea's nuclear program recently resulted in the President's announcement that he intends to remove North Korea from the list of state sponsors of terrorism in exchange for a declaration by North Korea that fails to address the number of plutonium weapons that it has produced, the assistance provided to Syria and other state sponsors of terrorism, and North Korea's uranium enrichment and reprocessing activities. The similarities are there and they're frightening. Although we rightfully focus on Iran's nuclear program, there are other threats as well. Among the most important is the Iranian regime's status as the world's leading state sponsor of Islamic militants, which it uses to undermine governments and countries in the region and beyond. One need look no further than the 1994 AMIA Jewish Community Center bombing in Buenos Aires, Argentina, to understand Iran's reach half a world away.

So, Mr. Chairman, thank you for this hearing, and I hope we get an opportunity to ask Secretary Burns about the proposed U.S.-Russian Nuclear Cooperation Agreement that has a lot to do with its involvement in Iran and the President's attempt to get a waiver for that. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentlelady is expired. The chairman of the Middle East and South Asia Subcommittee, the gentleman from New York, Mr. Ackerman, is recognized for 5 minutes.

Mr. ACKERMAN. Thank you, Mr. Chairman for calling today's hearing. I want to welcome Under Secretary Burns back to the committee, although I am sure we're happier to have him back than he is to be back. Mr. Chairman, a region that contains crises of varying degrees everywhere you look, Iran still stands out as a significant threat to regional stability and United States national interests. Its pursuit of nuclear weapons, its desire to interfere with and undermine legitimately-elected governments in Lebanon and the Palestinian territories and its arming of Shia militias in Iraq or warlords in Afghanistan, all speak to the need for the international community and the United States to confront Iran's regional ambitions in a significant and coordinated way. That is why last year the House passed legislation to tighten sanctions on Iran's oil sector and to encourage divestment in companies that do business in Iran. These efforts are designed to convince Iran to abandon both its effort to develop nuclear weapons and its support for terrorist organizations like Hezbollah and Hamas.

In short, sanctions measures are an attempt to avoid war, not to start it. So it is with puzzlement that I find that some have described the nonbinding resolution that I have introduced, along with Mr. Pence and co-sponsored by a majority of the House, urging the President—to quote words from the resolution—“increase economic, political and diplomatic pressure on Iran.” They described that as a resolution declaring war and calling for a naval blockade. Nothing could be further from the truth or my intent.

So I would like to take this opportunity to clarify what H. Con. Res. 362 does and does not do. First, it is a concurrent resolution. As my colleagues know, it doesn't get presented to the President, it doesn't get signed and thus neither does it become law or have the force of law. It is a sense of the Congress. Assertions that the resolution constitutes a declaration of war are just absurd.

Second the final whereas clause of the resolution states as explicitly as the English language will allow: "Whereas, nothing in this resolution shall be constructed as an authorization of the use of force against Iran." Since a naval blockade is, by definition, a use of force, the language of this resolution renders the prospect of a naval blockade simply out of the question. The resolution should not be the straw man that some would seek. Third the resolution calls on the President to "initiate an international effort to immediately and dramatically increase the economic, political and diplomatic pressure on Iran." To point out the obvious, there is no mention of military pressure, much less a blockade and the effort the President is called upon to make is international and diplomatic, not unilateral and military.

Fourth, the resolution calls on the President to seek the international community support for an export ban on refined petroleum, not a blockade. Iran does not export refined petroleum products. It imports them. Therefore an export ban on refined petroleum would be enforced by Customs inspectors and export administrators on the territories of exporting nations not in the Persian Gulf. This method is already used by the international community, including the United States, to enforce the four existing U.N. Security Council resolutions imposing sanctions on Iran. And fifth, the resolution calls upon the President to seek the international community's support for inspections of everything going into or coming out of Iran. This step, like the petroleum export ban, neither mandates nor requires a naval blockade to be put into effect. The inspections called for would be done at ports of embarkation and disembarkation and not by blockade.

And lastly, Mr. Chairman, the whole idea that the resolution calls for a blockade can only be sustained by a determined refusal to read the resolution or accept the plain meaning of the words within it. Put simply, the only way to find a blockade or a declaration of war in the text of H. Con. Res. 362 is to insert them by the amending power of the imagination alone.

I thank the chairman for calling today's hearing and I look forward to listening to our witness.

Chairman BERMAN. The time of the gentleman is expired. I recognize the ranking member of the Middle East and Southeast Asia Subcommittee, the gentleman from Indiana, Mr. Pence, for 5 minutes.

Mr. PENCE. Thank you, Mr. Chairman, and I too want to welcome our distinguished witness and very much look forward to your testimony today.

I am just back from Israel, just a few days ago, and I met with Prime Minister Olmert as well as other political leaders and defense officials. And despite the rockets being fired from Gaza City into small hamlets in south Israel, despite the political rise of Hezbollah in Lebanon, I heard no issue more widely discussed than

the threat of a nuclear-enabled Iran. And interestingly, I heard no one advocating war. Rather, in meeting after meeting, one Israeli official member of the Knesset and thought leaders repeated a desire that the United States of America and this Congress bring renewed economic and diplomatic pressure to bear on Iran.

I am disturbed in the context of this hearing today by reports of the long- and medium-range missile tests being conducted by Iran today. These actions have to be viewed as provocative.

But they also, along with the discussions I had in Israel, speak about the urgency of addressing this issue in the Congress. Time is not on our side. And time is most certainly not on Israel's side. What I was able to report, and as Chairman Ackerman just alluded to, is that this Congress in a bipartisan way is acting to bring that pressure. While we welcome the recent action by the European Union, a new round of economic sanctions that I would very much welcome the Ambassador's characterization of, Chairman Ackerman and I have introduced the resolution that he very accurately described. And let me also say, as a co-author of this resolution, I want to associate myself entirely with Chairman Ackerman's rejection of the absurd suggestion by some that the Ackerman-Pence resolution is a call for a naval blockade or some justification for war. It is, in fact, quite the opposite.

The spirit of this resolution, and as Mr. Ackerman just carefully stated, the precise text of this resolution is to call for people in your position and the United States of America as a whole, with our partners in Europe, and I would add most especially, with our ostensible ally in Russia, to bring greater economic and diplomatic pressure on Iran with the objective of achieving an end to the nuclear weapons ambitions of the current Iranian leadership.

And so I want to very much confirm Chairman Ackerman's sense of our resolution and urge anyone that has confusion about it, both in this body and beyond, to take the dramatic action of actually reading the resolution before they conclude what it says.

That being said, I am pleased to say that the resolution is building strong bipartisan support, Mr. Ambassador—about 230 co-sponsors as of this morning—and it very much directs this administration and your good offices thereby to initiate international efforts to dramatically increase economic, political, and diplomatic pressure on Iran.

I am anxious to know your sense of that. I am anxious to know what you believe would be effective. No one wants to open up another war in the Middle East or in the Arab world. No one. But we must defend Israel. We must provide the means necessary for Israel to defend herself as it is in our ability to do it. And it seems to me the surest avenue for that is to bring together people of good will around the globe and say with one voice, Iran may not possess a usable nuclear weapon. And I yield back.

Chairman BERMAN. The time of the gentleman is expired. I am now pleased to introduce our distinguished witness. He is a career member of the Foreign Service since 1982. Ambassador Burns has served as Ambassador to Jordan and for the past 3 years as Ambassador to Russia, and by all accounts from a series of disparate sources, I am told he did an excellent job there. These are people who don't agree on anything else.

During his tenure as Assistant Secretary of State for Near Eastern Affairs from 2001–2005, he testified before this committee on numerous occasions. Educated at LaSalle and Oxford, recipient of three honorary doctorates and two presidential distinguished service awards and numerous Department of State awards, Ambassador Burns was appointed 2 months ago as Under Secretary of State for Political Affairs, the highest career position in the State Department. He is a dedicated civil servant and one of our most talented and able diplomats.

Under Secretary Burns, we are delighted to have you testify before our committee once again, and look forward to your testimony and then hours and hours of questioning.

**STATEMENT OF THE HONORABLE WILLIAM J. BURNS, UNDER SECRETARY FOR POLITICAL AFFAIRS, U.S. DEPARTMENT OF STATE**

Ambassador BURNS. Thank you very much, Mr. Chairman, Congresswoman Ros-Lehtinen, and members of the committee. Good morning and thank you for the opportunity to appear before the committee today to discuss United States policy toward Iran. As you mentioned, I have just returned from 3 years as Ambassador in Moscow, and I look forward very much to working with all of you in my new position. I would ask that my written statement be included in the record and, with your permission, I will offer a very brief oral summary and highlight a few key points.

First, the behavior of the Iranian regime poses as serious a set of challenges to the international community as any problem we face today. Iran's nuclear ambitions, its support for terrorism and its efforts to undermine hopes for stability in Iraq and Afghanistan including lethal backing for groups attacking American troops are all deeply troubling. So are its destructive actions in Lebanon, its long standing rejection of a two-state solution for Palestinians and Israelis, and the profoundly repugnant rhetoric from its leaders about Israel, the Holocaust, and so much else. Compounding these concerns is Iran's deteriorating record on human rights. Ten years ago, we saw signs of opening in Iran's political and social systems. Today sadly, Iranian citizens are subjected to increasingly severe restrictions on basic rights and increasingly blatant manipulation of the electoral process.

Second, it is important to understand not only the dangers posed by Iranian behavior, but also the vulnerabilities and complexities of Iranian society. To be sure, the Iranian regime is a potent regional adversary, tactically cunning and opportunistic and good at asymmetric conflict. But it is not 10 feet tall. It often substitutes assertiveness and self-aggrandizing pronouncements for enduring power promoting the illusion of Iran as the real counterweight to the United States or to the institutions of global order, especially the United Nations and the International Atomic Energy Agency. The truth is a little bit more sobering for Iran because of its behavior. It can count on few allies in the world beyond the unimposing trio of Belarus, Cuba and Venezuela, and sometimes Syria, and no real friends that could offer a strategic reassurance, vital investment, or a secure future in a globalized world.

Its neighbors are all wary. Most Iraqi leaders want normal relations with Iran, not surprisingly. But as the Maliki government's capacity and confidence slowly grow, its priority is to assert Iraq's own sovereignty. The readiness of the Iraqi Government and security forces to confront Iranian-backed militias has also produced new support and cooperation from its Arab neighbors.

So far Jordan, Bahrain and the United Arab Emirates have decided to send ambassadors back to Baghdad and we are pressing other Arab governments to do the same. Meanwhile, Syria's active involvement in indirect peace talks with Israel is a reminder to Iran that even its regional partners may have higher priorities than their relationship with Iran.

And beneath its external bluster, Iran faces a number of internal contradictions. Despite \$140-a-barrel oil, its economy is stagnating and a remarkably inept Iranian leadership is failing its own people. Inflation is running at 25 percent and food and housing costs are skyrocketing. Because of bad economic management, the oil windfall has failed to generate anywhere near the 1 million new jobs that Iran needs each year just to keep up with population growth or to bring desperately needed diversification to the economy.

In these circumstances, it is fair for Iranians to ask whether the cost of its defiant nuclear program, which could run into the tens of billions of dollars, is really worth it. Iranians need only look across the Gulf to the spectacular rise of an advanced innovative economy in Dubai, the rapid expansion of Qatar's natural gas exports and gas-based industries, and the efforts of Saudi Arabia and other oil-rich states to reduce debt, undertake needed reforms and invest in future capacity to appreciate the opportunities squandered by their own leaders.

In Iran, the fourth largest oil producer in the world, nearly half of all refined petroleum products still need to be imported. With two-thirds of its population under the age of 30, Iran is also a society with a mounting appetite for modernity, advanced technology and connections to the rest of the world. Its younger generation is far more attuned to what those connections can offer than warped, isolated, impoverished places like North Korea and far more likely to feel the pull that comes through the Internet and satellite television and travel abroad.

My third point against that backdrop is that the purpose of our policy is to change the behavior of the Iranian regime making common cause with as much of the international community as we can. We should not let the Iranian regime off the hook about its behavior or allow it to divert attention from its domestic failings and external adventurism under the false pretext that it is under existential threat from the outside. The problem is the regime's behavior which endangers not only the international community, but the self interests of the Iranian people. Our strategy is built on tough-minded diplomacy, maximizing pressure on the Iranians at multiple points to drive home the costs of continued defiance of the rest of the world, especially on nuclear issues. At the same time, however, we are trying to make clearer to Iran and its people what they stand to gain if they change course.

My fourth comment considers the stick side of the equation. The progress, sometimes frustratingly slow but nonetheless tangible,

that we have made in sharpening the downsides for Iran of its continued refusal to heed the Security Council or the IAEA. Three Chapter 7 sanctions resolutions have significantly complicated Iran's pursuit of its nuclear ambitions as well as its international financial position. While deeply troubling, Iran's real nuclear progress has been less than the sum of its boasts. It has not yet perfected enrichment and as a direct result of U.N. sanctions, Iran's ability to procure technology or items of significance for its nuclear and missile programs, even dual-use items, has been impaired. Key individuals involved in Iran's procurement activities have been barred from travel and cut off from the international financial system.

Iran's front companies and banks are being pushed out of their normal spheres of operation away from the dollar and increasingly away from the euro too. Last year, Iran's credit risk rating was downgraded from five to six on a scale of zero to seven. As a result, the cost of export credits to Iran has increased by 30 percent and the overall level of credits has diminished. A growing number of major international financial institutions have cut ties with Iran over the past year and more are moving in that direction.

In this respect, renewed willingness by European Union states to tighten pressure on Iran is especially welcome. Two weeks ago, the EU adopted new sanctions against 38 individuals and entities including imposing an assets freeze on Iran's largest bank, Bank Melli. Last week, the EU began formal consideration of additional measures. We are consulting quietly with other major players such as Japan and Australia about what more they can do. Our partners in the P5+1, Britain, France, Germany, Russia, and China, remain committed to a two-track approach and that will mean consideration of new steps beyond Resolution 1803 if Iran refuses our recent incentives package and ducks its U.N. Security Council and IAEA obligations.

To reinforce multilateral actions, the United States has also implemented a series of autonomous sanctions against Iran. In particular, the Departments of Treasury and State have carried out an effective campaign to limit Iranian access to the international business community.

Indeed, yesterday we designated 11 additional Iranian entities and individuals for proliferation activities. These measures, combined with warnings such as the ones issued last year and early this year by the financial action task force, reverberate in financial sectors making Iran less hospitable for business and aggravating the impact of the regime's economic mismanagement.

My fifth and final point focuses on the carrots or incentives side of the equation, on our intensifying efforts to make clear to the Iranian people what is possible with a different pattern of behavior. Javier Solana's recent visit to Tehran helped highlight the opportunities before Iran if it cooperates with the international community. Solana carried a package of incentives including an offer of assistance on state-of-the-art light water reactor technology along with a letter signed by the P5+1 Foreign Ministers, including Secretary Rice.

None of us dispute Iran's right to pursue civilian nuclear power for peaceful purposes. But Iran needs to answer the questions

posed by the IAEA, comply with U.N. Security Council's resolutions and restore confidence in its intentions. Major powers like South Korea have realized the benefits of civilian nuclear energy without the need to enrich and reprocess. And that is a path that is open to Iran too. While skepticism about the Iranian regime's reaction to international incentives is almost always a safe bet, we are working with our P5+1 partners in an intense public diplomacy campaign to explain what we are offering directly to the Iranian people as well as to others in the international community, like leading members of the nonalign movement who might also help drive home the advantages of cooperation.

We want the Iranian people to see clearly how serious we are about reconciliation and helping them to develop their full potential, but also, who is responsible for Iran's isolation.

The truth is that Iran's nuclear weapons ambitions bring it less security, not more. They set back rather than advance Iran's ability to play the significant regional and international role that its history, culture, and geopolitical weight should bring it.

Interpreting Iran's domestic debates is always a humbling business, but there are some interesting commentaries beginning to emerge after Solana's visit. In one newspaper column, the former deputy head of Iran's atomic energy organization wrote that spinning 3- or 4,000 centrifuges at semi-industrial levels is useful for political maneuvering and talks, but if it means the imposition of technological economic and welfare hardship then it raises the question of what other vital interests are being harmed by immovable stubborn Iranian officials.

It is hard to say where any of this will lead. But it at least suggests that it is well worth the effort to explain and publicize what we are putting on the table. The Iranian regime has provided an initial reply to the P5+1 proposals and has proposed a further meeting with Mr. Solana in the coming weeks to discuss this in more detail. We are also trying to find creative ways to deepen our own engagement with Iran and its people, who remain among the most pro-American populations in the region. And while that is admittedly a low bar these days, it is striking how curious Iranians are about connections to Americans.

With the generous support of Congress, we are in the second year of successful people-to-people exchange programs partnering with the U.S. Olympic Committee. We invited 15 members of the Iranian national table tennis team to the United States last week. This group included the first female Iranian athletes who have ever been to the United States in this program. In cooperation with the National Basketball Association, we are bringing the Iranian Olympic basketball team here next week for the NBA summer league. We are committed to using educational, cultural, and sports exchanges to help rebuild bridges between our two societies after 30 years of estrangement.

Mr. Chairman, I have no illusions about the grave dangers presented by the behavior of the Iranian regime or the difficulties of changing that behavior. I am convinced that we cannot do it alone, and that a strong international coalition is crucial. Hard-nosed diplomacy backed up by all the tools at our disposal and as much leverage as we and our partners can muster is also an essential in-

redient. As Secretary Rice said earlier this year, America has no permanent enemies. We harbor no permanent hatreds.

Diplomacy, if properly practiced, is not just talking for the sake of talking. It requires incentives and disincentives to make the choice clear to those with whom you are dealing that you will change your behavior if they are willing to change theirs. That is the kind of approach that helped produce significant breakthroughs with Libya several years ago, including its abandonment of terrorism and the pursuit of nuclear weapons.

It is the kind of approach that is beginning to produce results in our multilateral diplomacy with North Korea. It may or may not produce results on Iran with whom we have had a relationship burdened by deep-seated grievances and suspicions and a long history of missed opportunities and crossed signals. But it is important for us to try. Bearing in mind that our audience is not only the Iranian regime but also the Iranian people and the wider international coalition we are seeking to reinforce. At a minimum, it seems to me it is important to create in this administration a strong and international diplomatic mechanism as we possibly can to constrain Iranian behavior on which the next administration can build. Our choices are not going to get any easier in the months and years ahead, but they will be even more difficult if we don't use all our diplomatic tools wisely now.

Thank you very much, Mr. Chairman. Again, Mr. Chairman, I look forward to your questions.

[The prepared statement of Mr. Burns follows:]

PREPARED STATEMENT OF THE HONORABLE WILLIAM J. BURNS, UNDER SECRETARY  
FOR POLITICAL AFFAIRS, U.S. DEPARTMENT OF STATE

THE STRATEGIC CHALLENGE POSED BY IRAN

The behavior and the policies pursued by Iran's current leadership pose profound and wide-ranging challenges for our interests, for our friends and allies in the Middle East and in South Asia, and for the international community as a whole.

These policies include Iran's nuclear ambitions; its support for terrorist groups, particularly Hizballah, Hamas, and Palestine Islamic Jihad; its longstanding rejection of a two-state solution to the Palestinian-Israeli conflict; its efforts to sow violence and undermine stability in Iraq and Afghanistan, including lethal support for groups that are directly responsible for hundreds of U.S. casualties; and finally, the strategic implications of Iranian behavior for Gulf security. Across the broader Middle East, Iran's actions jeopardize the peaceful and prosperous future that the region's responsible leaders, with the support of the United States and the international community, are striving to build.

*Iran's Vulnerabilities*

Iran's vulnerabilities, and the complexities of Iranian society, need to be considered along with the challenges posed by Iran's behavior. For its part, Tehran seems to relish heightening concerns by promoting the illusion that Iran is on the ascendance. We are all familiar with the repugnant rhetoric, employed by some Iranian leaders intended to aggrandize Iran as a powerful counterweight to the U.S. as well as the institutions of global order, especially the United Nations and the International Atomic Energy Agency (IAEA). However, Iran is not ten feet tall, nor is it even the dominant regional actor. Iran's regime has some real insecurities—not least the widespread alarm and resentment that its policies and rhetoric have generated throughout the region and the international community at large. In the late 1990s, Iran endeavored to rebuild its ties to its neighbors and the world as a whole. However, today, Iran has no real friends anywhere that could offer strategic reassurance, vital investment, or a secure future in a globalized world. Many of its neighbors retain wary relations, its alliances are limited to a handful of countries, such as Syria, Belarus, Cuba, and Venezuela, and its destabilizing actions have drawn the international community closer in unprecedented fashion.



And, while Iran may benefit from a degree of instability in Iraq, Afghanistan, Lebanon, and the Palestinian territories, it is also facing a new and more challenging situation in many of these arenas. The complexities of internal politics and a revival in responsible regional diplomacy are complicating Iran's pursuit of regional hegemony.

In Iraq, for example, Iran's destabilizing activities are beginning to encounter new obstacles in the form of a more capable and coherent Iraqi government. Most Iraqi leaders want normal relations with Iran, but as the central government's capacity and confidence grows, its priority is to assert Iraq's own sovereignty. The Iraqi Security Forces' move into Basra earlier this year, and similar operations elsewhere in southern Iraq, in Baghdad, and now in northern Iraq are clear examples of indigenous Iraqi efforts to assert the central government's authority and counter Iraqi militants, including militias receiving Iranian support. Prime Minister al-Maliki's recent meetings in Tehran, where he lodged protests against Iran's support for terrorist groups in Iraq, made clear the limits to Iranian-enabled lethal attacks in Iraq. In addition, the readiness of the Iraqi government and security forces to confront Iranian-backed groups has also produced new support and cooperation from its Arab neighbors. So far, Bahrain, Jordan, and the UAE plan to send Ambassadors to Baghdad, and we hope other Arab governments will heed their example and do the same.

The Doha Agreement, which allowed a partial resolution of that crisis, is an example of a new and positive activism on the part of Arab governments, in part due to their concern over Iran's destabilizing activities and growing regional aspirations. The strong Arab role in the process sent a direct message to Iran that the leadership in Tehran will not be given free rein to further undermine the democratic process in Lebanon through its support to Hizballah. We are watching with interest Iran's relationship with Syria. Syria has begun indirect peace talks with Israel, and this follows Syria's attendance at last fall's Annapolis Peace Conference, a move that apparently surprised the Iranian leadership and led to some adverse commentary from Iran. Syria appears to be conducting a policy toward Israel that is independent from Iran's, presumably leading some in Iran to worry that in the future the extremely close relationship between the two governments could weaken.

We also see the concern of other governments translated into new cooperation and an expanding coalition of countries that oppose Iran's aggressive behind-the-scenes policies. Many regional governments that feel threatened by Iran are working more energetically to counter and diminish its influence in the region. This is evidenced by the changed dynamic between Iraq and its neighbors, including the reintegration of Iraq into regional affairs through its participation in Gulf Cooperation Council meetings with Egypt and Jordan in a GCC plus 3 configuration. In addition, Gulf nations participating in the Gulf Security Dialogue are working cooperatively among themselves and with the United States on 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. To that end, in direct contrast to Iran, some regional governments have chosen to conclude nuclear cooperation agreements in partnership with the U.S., without the development of an indigenous fuel cycle, contradicting Iran's claims that the West seeks to prevent the pursuit of nuclear energy for peaceful purposes. This is also consistent with the choice made by South Korea, and others.

In addition to the political and diplomatic vulnerabilities Iran's leadership has created for itself, Iran's current leaders also confront well-documented internal challenges, the direct product of the current leadership's extraordinary economic mismanagement.

Ten years ago, we saw hopeful signs that Iran's government was slowly beginning to appreciate the political and economic imperatives of democracy. Today, unfortunately, those small steps toward moderation and greater popular participation have been all but erased by the hard-liners who hold sway in Tehran. The international community rightly criticized the Iranian government's treatment of its own people, and the regime's record of human rights abuse has only grown worse over this past year. The regime regularly commits torture and other forms of inhumane treatment on its own people—including labor leaders, women's rights activists, religious and ethnic minorities, and critics of the regime, 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.

It is an irony that despite its abundance of hydrocarbon resources, Iran's policies have made it necessary to rely on imports of refined petroleum products to meet internal demand. The Iranian government is failing its own people. Iran's nuclear activities may eventually cost billions of dollars, which could be better spent to benefit

the Iranian people. Inflation in some sectors is running well above 25 percent—a heavy burden for the Iranian people and a profound vulnerability for the regime. Food and housing costs, especially in Iran’s major cities, are high and rising. Many foreign investors, particularly from Iran’s historic trading partners, are reluctant to commit capital in such a precarious political environment and while Iran continues to pursue threatening policies. Record oil revenues may sustain the regime for the time being, but thanks in large part to the disastrous policies pursued in recent years, this oil windfall has failed to generate the jobs, growth and diversification that Iranians desperately need. Iranians need only look across the Gulf—to the spectacular rise of an advanced, innovative economy in Dubai, the rapid expansion of Qatar’s natural gas exports and gas-based industries, and the wise efforts by Saudi Arabia and other oil-rich states to reduce debt, undertake needed reforms, and invest in future capacity—to appreciate the opportunities squandered by their own leaders.

Iran’s people aspire to more. Their population, two-thirds of which are under 30, have a mounting appetite for modernity, advanced technology, and the better relations with the international community that would derive from expanded trade and economic development.

We hope that the new dilemmas Iran is beginning to face at home, in the region, and in the broader international community, will provoke a serious reconsideration of its provocative policies, revive internal debates about the utility of moderation and responsibility, and move Iran toward a more cooperative and constructive path. Until that time, however, the U.S. and the international community remain committed to meeting the challenges posed by Iran.

#### *The U.S. Response*

The purpose of our policy is to change Iran’s problematic policies and behavior by making common cause with as much of the international community as we can. Our goal is to convince Iran to abandon any nuclear weapons ambitions, cease its support for terrorist and militant groups, and become a constructive partner in the region. As President Bush has said, “all options are on the table, but the first option for the United States is to solve this problem diplomatically.” This requires tough minded diplomacy, maximizing pressure on the Iranians at multiple points to drive home the costs of continued defiance of the rest of the world, especially on the nuclear issue. At the same time, however, we are trying to make clear to Iran and its people what they stand to gain if they change course. As Secretary Rice said at Davos earlier this year, “America has no permanent enemies, we harbor no permanent hatreds. Diplomacy, if properly practiced, is not just talking for the sake of talking. It requires incentives and disincentives to make the choice clear to those with whom you are dealing that you will change your behavior if they are willing to change theirs. Diplomacy can make possible a world in which enemies can become, if not friends, then no longer adversaries.”

This Committee is intimately familiar with the dual-track strategy that we have employed in concert with our P5+1 partners—the UK, France, Germany, Russia, and China—to put before the Iranian leadership a clear choice, so that it chooses a better way forward. Javier Solana’s June 14 visit to Tehran to present the updated incentives package was an essential element of this approach, stressing the significant political, economic, technological, and energy benefits that could accrue to Iran if its leaders chose cooperation over their current course.

President Bush emphasized last month at the US–EU Summit that we seek to address this issue through a multilateral framework. He said: “Unilateral sanctions don’t work . . . One country can’t solve all problems . . . A group of countries can send a clear message to the Iranians, and that is: ‘We are going to continue to isolate you. We’ll continue to work on sanctions. We’ll find new sanctions if need be if you continue to deny the just demands of a free world.’”

Consistent with the President’s vision, Iran’s failure to restore the international community’s confidence in its intentions has not gone without consequences. The UN Security Council has adopted four resolutions on Iran, including three imposing Chapter VII sanctions. While some have questioned the impact of these measures, we do see a tangible effect. Two and half weeks ago, the European Union adopted sanctions on 38 additional Iranian individuals and entities, including prohibiting business with, and imposing an asset freeze on, Iran’s largest bank, Bank Melli. The EU began formal consideration of additional measures last week. These actions, taken together, undermine Iran’s ability to portray this problem as a bilateral one, and also weaken Iran’s argument that the U.S. and the West are isolated in this cause.

The international community is more unified than in the past on the necessity for Iran to fully and verifiably suspend its proliferation sensitive nuclear activities

and reestablish international confidence in the peaceful nature of its nuclear program. There is also a mounting consensus for Iran to come clean on its past efforts to build a nuclear warhead, based on the information presented in recent reports by the IAEA Director General which describe Iran's continued failure to cooperate with the IAEA investigation into Iran's weaponization activities.

While Iran seeks to create the perception of advancement in its nuclear program, real progress has been more modest. It is apparent that Iran has not yet perfected enrichment, and as a direct result of UN sanctions, Iran's ability to procure technology or items of significance to its missile programs, even dual use items, is being impaired. In addition to limiting Iran's access to proliferation sensitive technologies and goods, key individuals involved in Iran's procurement activities have been cut off from the international financial system and restricted from travel, and Iran's banks are being pushed out of their normal spheres of operation. Last November, Iran's OECD sovereign credit risk rating was downgraded from a 5 to a 6, on a scale of 0 to 7, and as a result, the cost of official export credit from OECD countries to Iran and its state-controlled enterprises has increased by approximately 30%, while availability of credit has shrunk. A number of export credit agencies have withdrawn or dramatically reduced exposure (notably those of the UK, Canada, Italy, and France), and almost all first tier banks have also withdrawn business from Iran.

The UN Security Council, U.S., and EU designation of Iranian banks further hinders Iran's reach. The most recent UN Security Council Resolution requires that states exercise vigilance with respect to the activities of banks in their jurisdictions with all banks domiciled in Iran and their branches and subsidiaries abroad. It mentions Banks Melli and Saderat, in particular. The Financial Action Task Force, a group composed of 32 countries including each of the five permanent members of the UN Security Council, has issued two serious warnings in less than a year, warning of the risks posed to the international financial system by deficiencies in Iran's anti-money laundering and counterterrorist financing regime. And the world's leading financial institutions have largely stopped dealing with Iran, and especially Iranian banks, in any currency. They do not want to risk unwittingly facilitating the regime's proliferation or terrorism activities. All of this adds up, keeping Iran on the defensive, forcing it to find new finance and trade partners and replace funding channels it has lost—often through more costly and circuitous mechanisms.

Government and private sector action on Iran has a psychological impact, as well. Iran has expressed its desire to assume the economic and political role it believes it deserves in the region, and to be seen as a legitimate player on the global stage. But the series of UN Security Council resolutions has shown the world—and Iran—that the international community will not allow an irresponsible actor such as Iran to expand its power unchecked. The effects of Iran's growing international stigma may, in the end, be as substantial as the direct economic impact of any sanctions. Losing the ability for a single Iranian bank, such as UN-designated Bank Sepah, to conduct business overseas is painful to Iran. Having major international financial institutions refuse to do any business with Iran because of the legitimate business risks that such trade present may be worse. This increasing pressure is only being amplified by the regime's own economic mismanagement, as it fails to deliver on its promises to improve the lot of average Iranians.

We have been working with our regional partners to help them develop the kind of cooperation that will help them better manage the political, diplomatic, and security challenges Iran poses. These efforts are beginning to show signs of success. Examples include inter-Arab cooperation to help dampen the political crisis in Lebanon, the Gulf Security Dialogue, and the new interest on the part of the Arab governments in dealing with the Government of Iraq.

Finally, in tandem with the diplomatic and financial measures that are focused on the Iranian regime, we remain committed to charting a new course for U.S.-Iranian relations by intensifying our engagement with the Iranian people, with the hope of bridging the divide. We are now in the second year of a successful people-to-people exchange program. Partnering with the U.S. Olympic Committee, we invited 15 members of the Iranian table tennis national team to the States last week. This group included the first female Iranian athletes who have ever been to the U.S. on this program. In cooperation with the NBA, we will bring 25 members of the Iranian Olympic Basketball Team here next week for the NBA Summer League. We also hope to bring the Iranian soccer team to the U.S. later this year. Over the long-term, we hope to build connections among our people through educational, cultural, and other exchanges which can overcome 30 years of estrangement that has severed links between our societies.

The United States stands with the Iranian people in their struggle to advance democracy, freedom, and the basic civil rights of all citizens. We believe the Iranian

people have made clear their desire to live in a modern, tolerant society that is at peace with its neighbors and is a responsible member of the international community. We are confident that if given the opportunity to choose their leaders freely and fairly, the Iranian people would elect a government that invests in development at home rather than supporting terrorism and unconventional warfare abroad; a government that would nurture a political system that respects all faiths, empowers all citizens, more effectively delivers the public services its people are asking for, and places Iran in its rightful place in the community of nations; a government that would choose dialogue and responsible international behavior rather than seeking technologies that would give it the capability to produce nuclear weapons and foment regional instability through support for terrorist and militant groups.

*Looking to the Future*

In summary—

We have presented the Iranian government with a historic opportunity to do two things: to restore the confidence of the international community in its nuclear intentions, and to give its own people the access to technology, nuclear energy, education, and foreign investment that would truly open the way to economic prosperity.

We have made clear that we do not object to Iran playing an important role in the region, commensurate with its legitimate interests and capabilities, but also that Iran is far more likely to achieve its desired level of influence if it works with the international community and its neighbors, rather than if it works against them. We recognize that it would be useful for Iran to be “at the table” on major international matters if Tehran is willing to contribute in a constructive fashion.

The dual-track strategy to which we often refer in connection with the nuclear file, in fact, applies more broadly. Engaging in a diplomatic process on the broad range of issues at stake between our two states and working toward the restoration of Iran’s relationship with the international community would offer clear benefits for Iran and the Iranian people. But equally so, any continuation on its present course will entail high and increasing costs for Iran. Putting that choice to the Iranian leadership as clearly and acutely as possible is the core of our policy.

What we seek, let me emphasize, is a change in Iran’s behavior—a change in how it assesses and interacts within its own strategic environment. We should not let the Iranian leadership entrench itself on the false pretext that it is under threat from the outside. We have committed repeatedly and at the highest levels to deal diplomatically with the Iranian regime. The fact that this diplomatic dialogue has been limited to less than satisfying talks in Baghdad is the unfortunate choice of the Iranian leadership. As the recent presentation of yet another P5+1 offer makes clear, we do not exclude engagement. We remain ready to talk to Tehran about its nuclear program and the array of other American concerns about Iranian policies, as well as to address any issues Iran chooses to raise in a diplomatic context.

The Iranians are not completely closed off, and neither should the United States be. Careful consideration suggests that in certain contexts, we should have overlapping interests with Iran—for example, in a stable, unified Iraq at peace with its neighbors, in a stable Afghanistan, and in stemming narcotics trafficking. Broadly speaking, a responsible Iran can and should play an important, positive role in the region. This is possible, if Iran is willing to work constructively with the international community and its neighbors.

We recognize that we have not yet achieved our desired goals: Iran has still not agreed to suspend uranium enrichment and other proliferation sensitive nuclear activities. Iran has not ceased unconventional warfare and some of its policies continue to contribute to regional instability. Iran’s current leadership may be so dogmatic or paralyzed by internal disagreements that it cannot agree in the near-term to terms so obviously to its advantage. With our long-term goal of persuading Iran to change its current course in mind, our immediate actions are intended to clarify the price of defiance by forcing Tehran to find new finance and trade partners and replace funding streams it has lost. We have made several notable successes, and will continue to work toward the objective of triggering a strategic recalculation in Iran’s thinking.

Chairman BERMAN. Thank you, Ambassador Burns, and I yield myself 5 minutes to begin the questioning.

I would like to ask you a series of questions about Russia, where you served for the past 3 years. And I will ask the questions and then you can respond.

First, how would you assess the importance of Russian support to any international sanctions regime on Iran? How would you

characterize Russian policy and behavior regarding the effort to convince Iran to suspend its uranium enrichment program? How can the United States go about winning Russian support in this effort? How would the envisioned nuclear cooperation agreement affect the effort? This is an issue the ranking member raised in her opening statement. How would that envisioned nuclear cooperation agreement affect the effort to win Russian support for robust sanctions on Iran?

Does our initiative to pursue a missile defense system in Eastern Europe assist or hinder this effort or is it net neutral? Is any thought being given to suspending development of a missile defense system in Europe if Russia agrees to support stronger sanctions against Iran? And while we are discussing the Russian Iranian relations, what is the status of the Bushehr reactor? The fuel rods have been supplied. But is it operational? What is the status of reported Russian sales of S-300s and other sophisticated air defense systems to Iran?

Ambassador BURNS. Thank you very much, Mr. Chairman, and I will try to run through those five or six questions quickly and concisely. First, with regard to Russia's role, I think Russia's role in the international coalition to build pressure on Iran to change its behavior on the nuclear issue is essential. I don't think we can solve the Iranian nuclear problem diplomatically without Russia and without working with Russia. Second, it seems to me that with regard to Russia's behavior and its actions on the Iranian nuclear issue in recent years, we have seen, I think, some significant progress. We have seen Russia join us over the last 2 years in three Chapter 7 Security Council resolutions.

We have seen Russia transform its approach to the Bushehr project in a positive way in the sense that what Russia has done is to revise that program so that Russia provides the fuel for the project and then takes back spent fuel and actually helps us and the rest of the international community to demonstrate to Iran that it doesn't need to master the full fuel cycle in order to pursue a civilian nuclear program. It doesn't need to enrich and reprocess. And in the judgment of the President and the administration and of our coalition partners, that is a positive step.

Finally, Russia has also moved in ways, which I can describe in more detail in closed session, to clamp down in tangible ways on any connections or activities involving Russian entities' illicit activities and those involved in an Iranian nuclear program, to answer your question. But Russia's behavior, I would say, has also been mixed in the sense that there has also been in from our point of view a disturbing provision of air defense systems to Iran. We have objected to that strongly and we continue to object to that and Russia has been sanctioned under United States law as a result of that. So there have been aspects of Russian behavior that cause us serious concern as well.

With regard to the 123 Agreement, the agreement for civil and nuclear cooperation between Russia and the United States, I would say that it has been extraordinarily helpful in helping to reinforce the more positive pattern of Russian behavior that I described before. Aside from the technical merits of the agreement itself and the potential commercial benefits, I think there are two big stra-

tegic benefits. The first has to do with Iran and that is that I think it is no coincidence that as we negotiated the 123 Agreement over the last couple of years, you have seen those positive actions from the Russians with regard to the nuclear sphere and Iran. And Chapter 7 resolutions, the way in which Bushehr has been transformed the other steps—

Chairman BERMAN. Just to interject here, one does have an impression of Russian efforts to dilute the efficacy of those Security Council sanctions before they're adopted.

Ambassador BURNS. And that is exactly why I said the overall performance is mixed because the truth is that Russia and China as well have not moved as far and as fast as we think it is essential to do in terms of U.N. Security Council resolutions. But if you take a step back and look at where we were a couple of years ago, it is no small thing that they have moved to support those three resolutions, but more needs to be done.

Chairman BERMAN. I am going to have to interrupt here even though a couple—particularly the missile defense issue hasn't been addressed because my time has expired and I recognize the gentelady from Florida, Ms. Ileana Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman, and I am pleased to yield my 5 minutes to my friend from Indiana, Mr. Burton, and I ask also for him to be recognized for his regular order at the proper time.

Mr. BURTON. I thank the gentelady, our ranking member from Florida, for her generosity, I really do. I think table tennis and basketball is great, good relationships with anybody is going to be, hopefully, an improvement. We have talked about economic sanctions, I don't know since 1996, and back in 1979, we put sanctions on them and sanctions simply have not really generated much success. You talked about North Korea. Our former U.N. Ambassador disagrees with you on the progress that has been made with North Korea because North Korea has lied and lied and lied, and he thinks they're still progressing with their nuclear program. You talked about Libya, and Libya turning around because of diplomatic pressure. It wasn't because of that, it was because we bombed the home of Muammar Kaddafi and he saw the light. I am not indicating we should go to war with Iran. I think we should apply every kind of diplomatic and economic pressure on them as possible. But it has to be across the board with every country in the world. And right now that is not the case, even with the United States.

The information that we received today, that we have been giving economic assistance or doing, trading with Iran during the time that we say we should be cutting off and putting pressure on them doesn't make sense to me. I understand it is the government we are after and not the people. But nevertheless, if the people are upset, they are going to put pressure on the government, and so pressure on the people over there by cutting off trade with them in certain areas that they want would also be very beneficial. And you talk about their ability to develop nuclear weapons and how it is down the road some time, nobody really knows. Some people say years, some people say 5, some people say 10 years. They had 3,000 centrifuges producing nuclear material we know of and now they

are coming up with 6,300 more centrifuges. That does not sound like a country that wants to negotiate an agreement.

And it really bothers me that we don't sound a little bit stronger. Nobody wants to go to war. We had enough problems over in Iraq and Afghanistan and our troops are stretched pretty thin and we don't want another conflict. But there has to be extreme pressure exerted by the United States and our friends on all of the people that are dealing with Iran. And right now I don't see that. Now Putin said, "We are going to do what we can," and they have made some overtures that they were going to work with us because they wanted the nuclear fuel sent back to them after it was used but in November 2007, less than a year ago, they signaled a change, signaled a change, signaled disagreement with further pressure on Iran and they began taking steps to fuel the reactor at Bushehr on September 17, 2007. It began shipping fuel so it doesn't sound like they are really in total agreement with us on putting economic pressure.

France is not doing everything it can. A number of our allies are not doing everything they can. So when you give this presentation—and I thought it was very good, Ambassador Burns—it troubles me that we are getting kind of a semi-rosy picture about this, you know. Their general in charge, General Salmi, the head of the Air Force command on the elite Revolutionary Guard said, "Our hands are always on the trigger, and our missiles are ready for launch."

And they tested these missiles the other day to show the world they have them. Now if they are able to develop a nuclear war head within a year, and we don't know if that is the case or not, but we know they are sure creating more centrifuges and they are creating more nuclear grade material—at least that is what they are working on. We have got to be prepared for that. And we can't sit back, in my opinion, and just say, Well, if we put economic pressure on them, if we do this or do that it is going to change things. It ain't going to change it unless we put extreme pressure on them and that has to be uniform across the world. And so far, I just don't see that. And so I think that the United States' signals should be—and if they sink some ships in the Strait of Hormuz, 20 percent of the world's crude is not going to be able to get to market, probably 40 percent of the energy we get is going to be cut off, or at least short term loss and we are not going to be able to produce electricity and gasoline for our cars for a lot of people in this country.

I am not trying to paint a real bad picture. I am just trying to paint it the way I believe it really is, and it seems to me it is extremely important that we level with the American people, with France, with Russia, and with everybody else and say, Look, we cannot allow Iran to develop a nuclear weapons capability. Number one, they have got the missiles; number two, and I wouldn't use Korea as an example, unless we are actually sure they are compliant.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from New York is recognized for 5 minutes, Mr. Ackerman.

Mr. ACKERMAN. Thank you very much, Mr. Chairman. Welcome Ambassador. Nations that sometimes seem to be completely irra-

tional are sometimes very rational and carefully evaluate everything they do and carefully consider all of their moves despite the fact that we might not understand or appreciate that. Iran is no such exception. In figuring out whether or not they should have a nuclear program, I am sure they, like any business, imposes or employs a cost benefit analysis to figure out what the costs are of doing it and what the benefits are.

So far, they have had only benefits and no costs. The administration has really failed to apply any kind of costs whatsoever. And hopefully those costs would all be peaceful and economic. I have never understood why the administration has not done that and allowed us to get to the place that we are at right now. For example, the administration has never implemented the Iran's Sanctions Act (ISA), even though nearly 20 international companies and consortia had crossed the so-called red line of investing, at least \$20 million in Iran's energy sector. That shows them that the benefits are all there and the costs are not to be paid.

Could you explain why we have not imposed any of the sanctions or any of the tools that the President has been given by the Congress?

Ambassador BURNS. Thank you, Congressman Ackerman. Certainly the administration is prepared to use all the tools that the Congress has provided and that the U.S. law provides. With regard to the ISA, we look very seriously at every piece of information about prospective business transactions that would fall under the ISA. Sometimes it turns out that the Iranians, in particular, exaggerate the scope of those deals and it turns out that the information isn't as solid as it first appears. Sometimes, when we press hard as we do and try to use the deterrent effect of the ISA, companies draw back from prospective investments or business transactions.

It is important to note that over the course of the last year or so some of the big energy majors—Total, Shell, ENI, Repsol—have all pulled back from significant operations in the South Pars gas field on which Iran shares with Qatar and which is the largest natural gas field in the world. And sometimes there are situations in which the facts warrant further serious review. One example that I would offer is the Norwegian project, Stat Oil, where the facts do warrant, in our view, a further serious review because of progress that seems to be made on that particular business transaction and we are going to take a careful look to see whether that transaction falls within the purview of the ISA. So we do take it very seriously.

Mr. ACKERMAN. Countries as civilized as Switzerland have announced major investments on the part of private companies with Iran. In fact, the Foreign Minister of Switzerland showed up for a photo opportunity in Tehran at the signing of the \$14-billion deal. Is this not a reward for bad behavior? Have we made our position clear with other nations that are part of the democratic and civilized world and could you not find one deal on the entire planet worthy of sanctions of all the deals that have been done? It is kind of hard to believe that we have not imposed sanctions. Nobody on this side of the Hill wants to see a war. And yet all of the diplomatic and economic pressures haven't been there. Can't we find



one? Is there not one that the administration believes is worthy of high profile and sanctioning?

Ambassador BURNS. Mr. Ackerman, first with regard to the Swiss gas purchase that you mentioned, that was an extremely disappointing development, and—

Mr. ACKERMAN. But saying it is disappointing and it is unacceptable doesn't do anything. We have given you some tools to use.

Ambassador BURNS. Yes.

Mr. ACKERMAN. And they have not been employed.

Ambassador BURNS. Yes, sir. Well, with regard to the Swiss deal, and you asked our reaction, and we did make very clear in public and in private how disturbing we found—

Mr. ACKERMAN. Are we going to impose sanctions?

Ambassador BURNS. With regard to that deal, it appears to us it is—

Mr. ACKERMAN. Any deal. Any deal.

Ambassador BURNS. On that deal, then I will come to it—on that deal it appears to us it is a purchase as opposed to an investment, and it may not fall under the ISA. I did just cite one example of a transaction involving Stat Oil that does warrant further serious review so that we can look to see whether it falls—as it stands today whether it falls under the ISA. And we are going to conduct that further serious review.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Indiana, Mr. Burton.

Mr. BURTON. Thank you.

Once again, I want to thank the gentlelady, our ranking member from Florida, for being so kind. It is very rare that I agree with Mr. Ackerman; I mean, maybe 1 percent of the time. But I agree with him.

Mr. ACKERMAN. I will reevaluate my position.

Mr. BURTON. Never mind. Never mind.

Exports have been going on. You didn't mention GE. If you watch O'Reilly, you will find that subsidiaries of GE and GE itself have been doing an awful lot of business with Iran for a long time. That is a major corporation here in America, GE. A lot of the people in this country own stock in GE. And yet we haven't been putting pressure on them to stop doing business with Iran when we say we are imposing every kind of sanction possible. The amount of business we have been doing with them, with Iran, has increased twentyfold in the last 7, 8 years. Now, you know, I know it is cigarettes and brassieres and other stuff like that, but nevertheless trade is going on. And there is also some important trade going on with companies like GE. And I can't understand why we continue to indicate we are working real hard to put pressure on Iran, when we are obviously not doing it ourselves, and we are telling the rest of the world that we are and they ought do it, but we are not setting the example. And I think they all know that.

I wish you would explain, though, you know, I want to talk about one more thing real quickly. One of the big issues in America today is the energy crisis. Gasoline is over \$4 a gallon. And a lot of us have been talking about energy independence and drilling here in America off the Continental Shelf, 50 miles off beyond the horizon so people can't even see it, and ANWR, and using coal shale. Two

or three ships sunk in the Straits of Hormuz, and, as I said, 20 percent of the world's oil supply, crude oil, ain't going to get there, and we are not ready for that.

And the administration—and I have always been a pretty big supporter of President Bush—the administration and the State Department and our Defense Department need to get together and really send a strong signal to the rest of the world and inform the United States of what is at stake, because if things get out of control over there, and they very well might—I mean, Israel just sent up a signal; Iran just sent up a signal. If things get out of control, the energy supply for the rest of the world could be at real, real jeopardy, and we have to do something about that. And I don't think that the message is getting clear to the American people what is at stake. And it is not getting clear to the rest of our friends and allies, who we want to work with, to put pressure on them.

If pressure doesn't work, if economic pressure doesn't work, if diplomatic pressure doesn't work, what is the other alternative but to stop them building nuclear weapons? And Israel is letting everybody in the world know that they are prepared to do that. That is why they had that exercise the other day.

So I just hope—and you can respond to this. I have only got a couple minutes left. I would like to know what the State Department, the Defense Department, and the President are going to do—and don't raise your hand out there, lady, or we will have you removed. You can sit there and listen, but don't raise your hand. I would like to know what the State Department, the Defense Department, and the administration is going to do to make sure that the message is getting clear to everybody what is at stake. And I will yield to you.

Ambassador BURNS. Congressman, first, we share your serious sense of urgency about this issue. I don't think the international community faces a bigger challenge than the Iranian nuclear issue or the problem posed by Iran's behavior. And I absolutely agree with you that we need to mobilize and maximize every bit of pressure we can.

I do think that the Europeans in recent weeks have demonstrated a new willingness to take serious measures. And the example I cited before, their designation of Iran's largest bank, Bank Melli, is a significant step. We need to do more in the future, because an enormous amount is at stake here. And I agree with you.

Mr. BURTON. Let me just once again reiterate the importance to America if things get out of control over there. We get about 20–25 percent of our oil from Venezuela, and President Chavez has been working with Iran. They have got nonstop flights back and forth from Venezuela to Tehran every single day. And if they start working together, and we have an oil cut-off over there because of a conflict, this country is going to be in huge trouble. The rest of the world as well, but this country, which uses so much energy, is really going to be in trouble. And we are not prepared to use alternative fuels.

And so I would just like to say to my colleagues as we run out of time, I hope everybody will think about that, because we really

need to move toward energy independence, and we need to do it quickly.

If you have any other comments, you are welcome.

Ambassador BURNS. Sir, just one very quick comment.

Chairman BERMAN. I hate to do it, but the 5 minutes have expired, and so the gentleman from California, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. Thank you, Mr. Chairman.

I would like to echo your comments about deterrence. Deterrence was indeed successful with regard to the Soviet Union because, for example, in 1962 we had plenty of good luck, and we had cool heads, two commodities that may not exist with regard to Iran, especially in that we will not have one Cuban missile crisis, we will have a crisis every time they blow up a community center in Buenos Aires or interfere with shipping in the Straits of Hormuz.

I should also point out when the Soviet regime was swept away, it went quietly. If this regime thinks it is going to be swept away, it might use its nuclear weapons against Israel to restore its popularity, or hope to restore its popularity on the Tehran street; or smuggle those weapons into the United States, figuring if it is going to go out, it might as well go out with a bang.

I would like to turn to Mr. Ackerman's questions about the Iran Sanctions Act, and I would like to thank you, Mr. Secretary, for not doing what every other administration official has done with regard to that act, which is to pat Congress on the head and say that at least in the area of foreign policy, Congress can provide tools, but not mandates. And your comments seem to imply that you recognize that as an officer of the United States, you actually have to follow the law.

Now, you are familiar with the Iran Sanctions Act. The sanctions are waivable, but what is mandatory is that the government officially and publicly identify a company that has made an investment, a triggering investment in the oil sector, and then either impose lots of sanctions, impose fewer sanctions, or waive all sanctions. Now, this administration has not named one company, and that is a mandatory requirement of the law if there is a triggering event.

Is it your position that in the last 7½ years—and don't tell me about the companies that didn't make investments—is it your position that not one company made a triggering investment in the Iran oil sector, and that is why there hasn't been one official naming by the administration?

Ambassador BURNS. Thanks, Mr. Sherman.

Mr. SHERMAN. And I will point out I have put in the record of many other hearings we have had on this lists of roughly 50 triggering events that have been reported not by the Iranians, but in the financial press and in official statements to shareholders, which could get these companies sued if they are lying.

Ambassador BURNS. Thank you.

Mr. SHERMAN. Have there been triggering events? It is a yes or no.

Ambassador BURNS. Mr. Sherman, I mentioned one example in which—

Mr. SHERMAN. Putting aside that one example, have there been any—because that one you say you still have under review. Other than that one example, has there been a triggering event?

Ambassador BURNS. Over the course of the last 7½ years—again, I am 7 weeks in this job—but no, we have not made such a designation.

Mr. SHERMAN. You have not made such a designation. Is that because you think that the administration is free to simply close its eyes and ignore the laws that it doesn't like? Or is that because there has been a thorough review by the State Department, and all those financial press reports, all the reports to shareholders are all erroneous?

Ambassador BURNS. There has been a serious review during that period, or serious effort to look at the information that you have cited in financial publications as well as all the other information that we have access to. Sometimes, as I mentioned before, and as you know, it turns out that that information is not as well-founded as it seems. Sometimes it turns out that companies draw back as a result of the deterrent effect—

Mr. SHERMAN. And are you saying that never have they made the investment? It has never happened? I know there is sometimes this, sometimes that, you know.

Ambassador BURNS. The fact is that we have never made such a designation.

Mr. SHERMAN. Is that because the facts didn't warrant it, or is that because it was an inconvenient truth?

Ambassador BURNS. Mr. Sherman, all I can say is that we continue to look very carefully at the information. And I cited one example—

Mr. SHERMAN. Let me interrupt. If you were directed by the administration to ignore and refuse to tell Congress, refuse to officially acknowledge an investment that is a triggering event because it was an inconvenient truth, would you follow that instruction, or would you resign?

Ambassador BURNS. No. I am—as a Foreign Service officer, I follow the law, and the law you just described. And so it is my obligation to try and make the best determination I can, along with my colleagues, about whether or not particular investments, particular transactions fall under the purview—

Mr. SHERMAN. I look forward to meeting with you, to giving you the information. I don't want to adversely affect your career. And it is refreshing to see someone from the administration who at least states that they are willing to follow the law. Thank you very much.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from California, Mr. Royce, is recognized for 5 minutes.

Mr. ROYCE. Thank you, Mr. Chairman.

Yes, very early, very early this morning over a half-dozen missiles were fired, were tested by Iran, as we have discussed. And in the meantime, of course, they very aggressively pursue this intercontinental missile capability. We know that North Korea has delivered missiles to them. And we also know that North Korea helped one state sponsor of terrorism, that is Syria, develop a nu-

clear program while helping Iran develop a delivery system. And I think North Korea is likely to be further involved in the Middle East in nefarious ways despite diplomatic carrots being thrown its way. But I think the fact that during the negotiations it was in the process of developing that program for Syria tells us a lot about the likelihood.

Now, I know more Iranian entities and individuals were sanctioned yesterday, but more can be done to raise the cost to Iran of its activities at home, of its activities around the world, of its network, and especially more could be done with respect to that troubled economy. And so one of the questions I was going to ask—you know, it took a long, long time to get the European Union finally to sanction Bank Melli, which is the largest commercial bank over there. With this finally done, is there a way to get our European partners engaged in this? Because for years, you know, we have not been in a position where somebody else could go in and say, “Here is the step we took, you should, too,” to other world powers. It was us pressing on this. You know, Dubai, frankly, comes to mind because for too long it was easy for Dubai to respond, you know, We treat Iranian banks the way London treats Iranian banks. Well, that is no longer true now with this move. So how can we get our European partners to move decisively here and begin to establish an international effort?

Ambassador BURNS. Congressman Royce, I think, as you rightly said, we have seen a renewed willingness on the part of the Europeans, of the EU, to take significant measures. The Bank Melli example is the most powerful one. You are exactly right; all too often in the past, whether it has been Dubai or others in the Gulf, there has been a tendency to point to what the Europeans aren’t doing. Now that argument doesn’t hold water anymore, and so we are pushing hard in the Gulf, in Asia, and elsewhere around the world to try and follow the example that we set some years ago that the Europeans are now following through on so that we can mobilize maximum international pressure.

Mr. ROYCE. And what would that pressure point be, for example, on Dubai if our allies were to try to help us?

Ambassador BURNS. Part of it, Congressman, I think, is the power of example. It is building up a record in which not only the United States is taking action, but our European partners are; building a pattern in which we are moving ahead beyond the three Chapter VII Security Council resolutions we have already set up so that we widen the coalition of people who are not just making strong statements, but actually taking practical steps. And I hope very much that in Dubai and elsewhere in the Gulf we will see those measures.

Mr. ROYCE. We don’t have a lot of time. The other focal point should be China, because China has taken a very shortsighted view on this. You know, the possibility of a nuclear program in Iran, that is going to create an arms race that is going to impact China. And certainly there is the fact that Islamists might get their hands on nuclear material once this arms race is under way.

So are there any signs that China is beginning to think about these things long term and strategically? Is there any effort on Radio Free Asia to get these ideas up and out and debated in

China to create a pressure point there for some consideration on action?

Ambassador BURNS. Two quick comments. First, no. I mean, Chinese behavior, beyond supporting these three resolutions, has been frustratingly slow with regard to the magnitude of the challenge that we all face, and we want to continue to push in that direction.

Second, with regard to public diplomacy, we have certainly worked very hard to underscore the grave dangers not just for the United States, but for the international community of a failure to ensure that Iran does not acquire a nuclear weapons capability. And we have tried to intensify that public diplomacy and also sharpen the choice for Iranians to make clear, on the one hand, the costs in terms of economic pressure, continued isolation of moving down the current path, and on the other hand, what Iran and its people stand to gain if they change their behavior and change course. And that is something we try to advertise around the world so that others can bring pressure to bear on Iran to change its behavior.

Mr. ROYCE. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired.

The gentlelady from California, Ms. Woolsey, is recognized for 5 minutes.

Ms. WOOLSEY. Thank you, Mr. Chairman.

Timing is everything. What a perfect day for this hearing. And thank you for being here, Mr. Ambassador.

There is nobody here who cannot attest to the misdeeds of some of Iran's leaders, and their quest for a nuclear weapon is a huge concern for any peace-loving nation, and we all know that. The statements that have been made by President Ahmadinejad are inexcusable. This Congress has repeatedly condemned his inflammatory remarks. In fact, I am not even sure that he is the real leader of the country. He is the President, but the clerics are the leaders, from what I understand. But, you know, as the saying goes, you negotiate with your enemies; you don't have to negotiate with your friends. And this isn't about liberals or conservatives or Democrats or Republicans, it is just a fact, we need to negotiate with our enemies.

And former Secretary of State Henry Kissinger urged an open but cautious line of communication with Iran. He said one has to talk with adversaries. Even the right-of-center paper, the Washington Times, wrote an op-ed stating that negotiations are the only way for the international community to guarantee that Iran maintain its nuclear program for civilian use, while also preventing another disastrous war that will undoubtedly further destabilize the Middle East. It will destabilize the world.

Knowing all of this, Mr. Ambassador, and given our diplomacy to date, if there has been any, has been hard-nosed, which you said we needed to pursue hard-nosed diplomacy, and that hard-nosed diplomacy has not been successful or we wouldn't be where we are today talking about getting even more hard-nosed, so I ask you: How can we show Iran and the international community that we are dedicated to diplomacy; we are dedicated to negotiations above military action, above starving innocent Iranian people, and above removing the oil reserves from the international market, which will

affect us drastically? So how can we build their trust? And we can't just tell them they have got to change. How can we help them trust the United States of America?

Ambassador BURNS. Yes, ma'am. Well, what we have tried to do with our coalition partners in the P5+1 is to make clear that there is a choice before Iran and its people. Down one path, that is the continued pursuit of its nuclear ambitions without answering the questions of the IAEA, without meeting its obligations to the Security Council, lies increased economic pressure, increased international isolation, a scenario which is not going to realize the full potential of Iranians.

Second, but at the same time, we have tried to make very clear what Iran and its people stand to gain if it changes course. And again, this is an issue that involves the international community's deep concerns and growing concerns about Iran. It is not about the United States versus Iran. If Iran changes course and meets its international obligations, then an awful lot is possible, and that is what Mr. Solana tried to explain when he visited Tehran a few weeks ago. That is what we have tried to make clear through our own diplomacy.

Ms. WOOLSEY. So how are the Iranian people hearing this message? Through Ahmadinejad? I mean, who is delivering this message to them?

Ambassador BURNS. No, ma'am. We use lots of our own means, through the Voice of America, through Radio Farda, our European partners. Many of our partners in the international community have tried to amplify this message to Iranians. And as I mentioned earlier, it has been interesting to see the debate that has been triggered in Iran about some of these issues, people asking questions about whether or not Iran's current tactics, its defiance of the international community really makes sense.

Ms. WOOLSEY. So what is the Iranian response to our President seeking over \$400 million to escalate an operation to destabilize the country's religious leadership? I mean, what is the average Iranian citizen's response to that?

Ambassador BURNS. Well, ma'am, I am very well aware of the story that you mentioned, and I can't, obviously, comment on sensitive intelligence matters. But what I do honestly believe we have done is to make clear—and we worked very hard, especially in the last few weeks, to sharpen the choice for Iranians, to make clear that there is a path that we believe is not going to serve—certainly not going to serve the interests of the international community, that is only going to raise the dangers for all of us, but it is not going to serve the self-interests of Iranians either. But at the same time there is another path that can bring enormous benefit to the Iranian people.

Chairman BERMAN. The time of the gentlelady has expired.

The gentleman from Texas, Mr. Paul, is recognized.

Mr. PAUL. Thank you, Mr. Chairman.

You know, since the 1990s, we have had a bipartisan foreign policy dealing with the Middle East. And what has essentially been our goal was to remake the Middle East, and quite frankly, I don't think it has gone very well. And I think it has served our interests badly and actually has motivated countries like Iran to get nuclear

weapons. And I don't—I mean, Iran to get a nuclear weapon. I don't want them to have a nuclear weapon, but I think our approach is entirely wrong.

Since the 1990s, and especially in this decade, we have spent over \$1 trillion over in the Middle East using force to impose our will on that region. It was supposed to help protect our oil. People are worried about our oil. It used to be, back then, \$25 a barrel. Now it is \$125, \$130, even up to \$140 a barrel. And we never seem to stop and pause and ask questions. Maybe we are on the wrong track.

You know, our policy over there now was designed as a consequence, especially since 9/11 and Osama bin Laden, yet Osama bin Laden has written very clearly what he would like to do to America. He would like to spread our military around to weaken us. He would like to drain us financially. He would like to build up anti-American sentiment around the world. He would like to divide us here in this country.

Sixty-eight percent of the American people now want us out of there. They don't even want us in that war. And the Iranians are an enemy of Osama bin Laden. We weaken the Taliban, which was an enemy of Iran, and we virtually have given southern Iraq to the Iranians. But we never seem to pause and say, Could we be on the wrong track in our policy? We march down the same road. The same rhetoric we hear constantly in the media today is the same rhetoric we heard in 2002 about our march to war in Iraq, and this never seems to stop. And for all the reasons we went into Iraq, it turned out—oh, it didn't turn out to be true. It was all on false assumptions. And here we are talking about all these threats and intimidations. And if you talk about diplomacy, it talks about surrendering.

You know, when we had the missile crisis in 1962, Kennedy went to Khrushchev and he talked to him. And he didn't have—he didn't say, On condition you get the weapons out of Cuba. No. If he would have said that, there would have been no discussion, and we wouldn't have taken the missiles out of Turkey, and we wouldn't have had a resolution of that. But today we say, "Yes, we will talk to the Iranians on the conditions that they stop doing what is legal under the NPT." They are legally allowed to enrich uranium. And yet we say, "We will only talk to you under these particular conditions."

We need to put what we are talking about with Iran into certain perspective. They do have a right to enrich, which has never been mentioned in the media. There has never been proof they have violated any IAEA resolutions; have not found to be in violation. In the last year there were nine unannounced examinations in Iran, and they were not found in violation. And there is no evidence, according to our CIA, they have been actually working on a weapon. Does this mean they might not want to? No, it doesn't mean that. It just means there is no evidence. And here we are so determined, it almost looks like we are obsessed with this, that we are willing to risk World War III in order to prove that maybe someday the Iranians might want or seek a missile.

They are surrounded by nuclear missiles and weapons. The United States is there, Israel is there, the Soviets are there, the



Pakistanis are there, the Chinese are there, and the Indians are there. They haven't invaded a neighboring country, and yet their thought means we have to close them down.

Chairman BERMAN. Would the gentleman yield for just one comment?

Mr. PAUL. Not at this point.

This means that we are marching onto the next venture, which we can't afford, which is foolhardy, doesn't make any sense, no more sense than the invasion of Iraq. And we are suffering the consequences.

We need to take a breath and say, you know, why can't we talk to somebody who doesn't even have any? Recently there was a dissertation that said the reason we must attack them now is because they are so weak. Is that the reason we as Americans must attack a nation is because they are weak? We should not be the aggressors. We should not be the country that starts wars.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from New York is recognized for 5 minutes. Mr. Crowley.

Ambassador BURNS. Mr. Chairman, may I respond just very briefly?

Chairman BERMAN. Well, if you were going to say that they haven't been—that the statement that they haven't been found to violate any of the IAEA regulations, and that they, in fact, have been found to violate their obligations under their safeguard agreements, you will not be allowed to say that. But the time has expired. You will have an opportunity. We will give you an opportunity to respond, but not at this moment.

Mr. Crowley, the gentleman from New York, 5 minutes.

Mr. CROWLEY. Thank you, Mr. Chairman. I appreciate it. Maybe the Ambassador will have an opportunity after my inquiry to respond if he likes as well.

Let me just go back briefly, if I can, before I head into the other issue, my main point, and that is on Russia. In terms of the efforts that we are making in Iran as it pertains to the people of Iran and communicating with them what the goal of the United States and the world coalition is in terms of bringing Iran into conforming with the will, the desire of the world as it pertains to their advancement with the nuclear technology development. And then secondly, our concerns about their desire, or our belief of their desire, to develop nuclear weapons, has the United States diplomacy actually had an impact on the Iranian people? Has Radio Farda been doing what we expect or wanted them to do in terms of making the communication with the Iranian people?

Ambassador BURNS. Yes, sir, I think it has had an impact, and particularly as I emphasized in recent weeks after Mr. Solana's visit to Tehran, we have tried to use all of those means of communication to highlight the choice that I described before, the choice that is available to Iran and its people to change behavior, and all that it stands to gain by doing that. So I think we have had some success.

Mr. CROWLEY. Are we exhausting every opportunity in terms of tools that are at your disposal in terms of making that connection?

Ambassador BURNS. We are doing everything we can think of. We are trying to make the best possible use of not only the VOA, but of Radio Farda to get this message out. We are working with our international partners, too, who are trying to convey and emphasize the same message so that it is not just coming from Americans. So we are always looking for new ways to reinforce that message, because it is critically important right now. But I think we are making the best possible use of the existing tools.

Mr. CROWLEY. Let me just shift back over to Russia for a moment. Recognizing that in all likelihood it is not in our foreign policy approach to withdraw the potential use of force, I would also recognize, and I think that many on both sides of the aisle recognize, that there is a fatigue that has set in, a war fatigue here in the Nation, and certainly throughout the world. There is a world war fatigue that has gone on. And we look to other potential crises in Asia. Particularly you talk about North Korea and how we, the United States, recognize the importance of China and engaging China to impose upon the North Korean Government the serious nature of what we are attempting to do to dismantle their nuclear capability. And it apparently seems to have had great success, at least in the short term. The long term remains somewhat clouded.

Has the State Department recognized that Russia—because it is my belief Russia is the keystone here, or the link in making this bridge work. Has the State Department recognized that Russia is probably in the same position as China was, as it pertained to North Korea, with Iran today?

Ambassador BURNS. Sir, I think, as I said before, Russia has a crucial role to play in our international diplomacy with regard to the Iranian nuclear issue. I can think of no circumstance under which we are going to reach a diplomatic solution to this problem without working with the Russians. So to answer your question, they have a crucial role to play.

Mr. CROWLEY. And I know that the negotiations between North Korea, the United States, and the other willing nations, including China, took some time. This didn't happen overnight. And certainly further negotiations between the United States and China and issues of concern bilaterally between those two nations unrelated to North Korea were also part of that.

Is it safe to say that there are also issues with Russia that may be somewhat clouding the relationship between the United States and Russia, and therefore the ability to have them play the same role at this point in time as China has with the North Koreans?

Ambassador BURNS. Well, sir, I think two things. First, we have a complicated relationship with Russia today. It is a mixture of cooperation on some very important issues, but also competition and sometimes political conflict on others.

Mr. CROWLEY. Including a defense missile system within the Czech Republic and Poland.

Ambassador BURNS. Sir, and Congressman Berman mentioned this earlier, the Russians have certainly contained their enthusiasm for our missile defense plans, that is true.

Mr. CROWLEY. Thank you.

Chairman BERMAN. The time of the gentleman has expired. I am going to see if I can get unanimous consent to give you 45 seconds

to respond not on the ideological or philosophical views, but on any factual error that you have heard and not been able to respond to, if there is no objection from the committee. And hearing none, Ambassador, take a few seconds to do that.

Ambassador BURNS. Thanks, Mr. Chairman.

First, let me just reemphasize that we and the administration are fully committed to diplomacy with regard to the Iranian nuclear issue. We view the use of force as an option that is on the table, but as a last resort. And no one underestimates the potential consequences of that kind of an option. We do not believe that we have exhausted all the diplomatic possibilities on the Iranian nuclear issue. We are fully committed to using all of those diplomatic tools.

Second, Iran does have an international obligation that is made clear in three Security Council resolutions to suspend enrichment and reprocessing, and that is an international obligation that to this day it has not complied with.

Third, Iran has not answered the questions that the IAEA has put to the Iranian Government about its past weaponization activities. Mr. El-Baradei at the end of May, in his most recent report to the IAEA Board, was very clear in saying Iran's failure to answer those questions remains a matter of serious concern to the IAEA.

Thank you.

Chairman BERMAN. Thank you, Mr. Ambassador.

Ms. ROS-LEHTINEN. Mr. Chairman, if I could just ask a question. I would prefer if we do stick to our 5-minute rule and not make exceptions, because it is really not up to us to judge which question is more penetrating and worthy of response than others. So folks know they have 5 minutes, and they can either make a statement or ask their questions.

Chairman BERMAN. There are limitations in this process when we limit people to—on the one hand when we limit the question and the answer to 5 minutes, some factual misstatements don't get clarified right away. If we have another rule, you don't get any other work done for the rest of the day. So we have erred on this side. I take the gentlelady's point, and that will be the order.

The gentleman from Indiana is recognized for 5 minutes.

Mr. PENCE. Thank you, Mr. Chairman.

And, Mr. Ambassador, you have addressed a lot of the issues I raised in my opening statement. I appreciate your testimony today with regard to the impact of current economic sanctions, the prospect of more sanctions, and also our, I think your phrase, complex relationship with Russia. So I wanted to introduce a new thought, and might just give you an opportunity to answer the question during my time.

When I was in Israel last week, I had the opportunity to visit Yad Vashem for the first time. That is the extraordinary new Holocaust memorial in Jerusalem. My first experience hands on with such artifacts was in 1977 when, as a teenager, I visited Dachau in Germany. And so the idea of a Holocaust, the reality that the Jewish people have faced no less than three attempts in their long history, three attempts, to exterminate them as a people, I think, brings into higher belief the call by the President of Iran for Israel

to be wiped off the map, for calls for death to Israel. It is very alarming. And the missile test today, obviously, and the reality of the development of a nuclear weapons program by Iran brings that into even higher belief as a possibility.

Holocaust against Israel would no longer require the establishment of obscure camps hidden by woods. It would simply require one missile, that they already own, being mounted with a usable nuclear weapon and a short flight time to the air over Tel Aviv or Jerusalem, and we would have a new Holocaust, all of which you know.

My question is inasmuch as the United Nations was born as a forum for the world to come together and prevent genocide from occurring again, is there a case to be made that the openly—the repeated statements about the destruction of Israel by the President of Iran represents a violation of Article 2, section 4 of the U.N. Charter, of the Genocide Convention, and of the Rome Statute of the International Criminal Court, Articles 6 and 25, section (3)(e).

Specifically, I would like to ask your thoughts on whether the United States, as a part of the U.N. Security Council, and the Council should follow its landmark precedent involving Sudanese leaders and refer President Ahmadinejad to the International Criminal Court for indictment for incitement to commit genocide. And would this be a productive means of—beyond economic sanctions that we have all consistently called for? My question would be, would that be a way of bringing greater pressure to bear and highlight the real threat that that kind of rhetoric represents to Israel's security and to global peace?

Ambassador BURNS. Thank you, Congressman Pence.

First, I would say that the rhetoric that you cited from some Iranian leaders is deeply repugnant. And I will have to—I can get you a more considered answer with regard to the specific question you asked about the U.N. But it is certainly true that that kind of rhetoric and those kinds of threats violate all standards of international civilized behavior. To threaten the destruction of another member of the United Nations violates all of those standards. So I would be glad to get you a more considered answer.

Mr. PENCE. I would welcome your thoughts on whether or not, though, that should call for a referral, in effect an indictment, for incitement to genocide before the—I believe the U.N. Security Council did make that referral for Sudanese leaders. And I would love the sense of the Department and your position, the administration's position, on whether that kind of a referral is appropriate in this case.

Ambassador BURNS. Well, sir, I promise I will be glad to get back to you on that specific question with regard to the U.N. statutes and everything else, but I will say again that not only is the rhetoric deeply repugnant, but it does violate every standard of civilized international behavior.

Mr. PENCE. Thank you.

Mr. ACKERMAN [presiding]. Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

Welcome, Ambassador Burns.

Is the Iranian Government developing a nuclear weapon?

Ambassador BURNS. Sir, it is hard not to conclude that the Iranians are pursuing a nuclear weapons capability.

Mr. SCOTT. Okay. Let me ask you this: What is your basis for that view?

Ambassador BURNS. The NIE that was released recently highlighted three ingredients for an Iranian—potential Iranian nuclear weapons program: Enrichment, the ability to produce fissile material for use in a weapon; second, delivery systems—and Iran reminded us again today that it is moving ahead on missile systems which could be used to deliver a weapon—and then third, a weapon itself, weaponization. And what the NIE made clear is the conviction of our Intelligence Community that Iran had a weapons program, that it suspended it toward the end of 2003, and that it could restart it at any point. So that is not in total a very comforting picture about Iran's nuclear ambitions.

Mr. SCOTT. And so we basically have come to the conclusion they want a nuclear weapon, they are going to get a nuclear weapon. Our approach is to move through two fronts, economic sanctions and diplomacy.

Now, with that in mind, I want to ask you two questions. One is, if economic sanctions is the way to go, why is it that the administration has not enforced the Iran Sanctions Act? And then secondly, my indication tells me that according to the Associated Press report yesterday, the United States reports that Iran's exports, United States exports to Iran, have increased nearly twentyfold during the Bush administration, from 8.3 million in 2001 to 146 million in 2007. So if we are not enforcing the Iran sanctions, and on top of that we have a twentyfold increase on our own trade with them, can you respond to this sort of schizophrenic approach to trade policies with Iran?

Ambassador BURNS. Yes, sir. First, with regard to the last point on exports, in the year 2000, there was passed by the Congress, with the support of the administration, the Trade Sanctions Reform Act. And the purpose of that piece of legislation was to liberalize certain categories of exports in agricultural and medical goods to the Iranian people as a way of demonstrating that our problem was with the Iranian regime, not the people. So it is not surprising in some ways that after that legislation was passed in 2000, you have seen an increase in exports, mainly in those two categories of agricultural and medical goods. I would underscore that those United States exports, despite the rise that you mentioned, today constitute only  $\frac{1}{4}$  of 1 percent of Iran's total imports.

Mr. SCOTT. My time is running out, but I do want to get to the other area. Iran has, as a result of some of the sanctions being applied, European Union, United States and others—it seems they have turned to Asia, to the Asian market. And the question arises, how can we aggressively engage these Asian markets to stop an economic relationship with Iran? I am particularly concerned with China and Singapore and South Korea. For example, the increase in foreign investment was totaled at \$2 million in 1994, but has risen to \$10.2 billion with Iran. It just seems to me that we are moving to a showdown here, sort of a monstrous gunfight at the O.K. Corral. I mean, something has got to give.

And my last point is—my time is running out—is given all of this, given the schizophrenia, given this is not working, and my opening question to you, you said in the affirmative that they are. Why, given all of this, are we refusing to sit down and talk with them with some sort of flimsy excuse we are waiting on the uranium development process has not reached a point, when, in fact, this thing is almost at a critical point? One, when would it make sense for us to talk to Iran? Wouldn't, if we get to a point where you got a military option on the table, we talk to them?

Ambassador BURNS. Mr. Scott, we are—we have made clear our willingness at the level of Secretary Rice to sit down and talk to the Iranians on the basis of a proposal that is not just an American one, it comes from the P5+1, to negotiate face to face about the nuclear issue and talk about any other issue the Iranians want to talk about.

Chairman BERMAN [presiding]. The time of the gentleman has expired.

The gentleman from California, Mr. Rohrabacher, is recognized for 5 minutes.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

Let me note that nonproliferation as a principle is a very good idea, just for the record. And let us note that nonproliferation and attempts to prevent proliferation of nuclear weapons technology to unstable and belligerent regimes like that in Iran is a very good idea and a very good goal. And I understand the hard work you have put into this, and I want to thank you and those of the administration who have been doing their best in a very frustrating situation.

Let me just note, Mr. Chairman, that 10 years ago when this nuclear facility began being planned and was under construction, began construction in Iran, I went to the Clinton administration—and I might add in the beginning of the Bush administration as well—and pleaded with high-level people in the administration, and, Mr. Burns, I believe you are aware of this, asking our Government to provide Russia with an alternative to developing this facility with the Iranians. And both the Clinton administration and the Bush administration in the early days, nothing was done. The only approach toward Russia was the stick approach, which we are going to put sanctions against you, we are going to do bad things against you unless you stop your involvement in this nuclear facility. And this was at a time when Russia was in an economic crisis.

We could very well have averted this showdown that we are headed to simply by providing Russia an alternative way of building nuclear facilities, for example in Malaysia or Turkey or other countries that would not have been seen as threats to the United States or threats to the Western World. So unfortunately, the position we are in now, I think, could be traced back to a lack of ability to act a long time ago. That does not necessarily mean we shouldn't act now. And again, you are in a very bad situation trying to make the best of it.

Let me ask you this about the Iranians and the Russians: As far as we know right now, if the Russians simply pulled out of what they were doing in Iran, it would not change the Iranians' ability to move forward with what they have already got; is that right? I

mean, they could actually continue moving forward toward the production of a nuclear weapon even without the help of Russia at this point; is that correct?

Ambassador BURNS. Yes. The Iranians at Natanz, for example, have a facility which they are operating that the Russians don't participate in, Bushehr is a separate facility.

Mr. ROHRABACHER. So we have actually gone beyond the point of no return with the Russians. Let's just note this: What we have said here is that China has provided nuclear weapons capability to Pakistan. And we have to remember that is part of the equation, because it is Pakistan, apparently, that has provided this technology to Iran and Korea; is that correct?

Ambassador BURNS. I would have to provide you the details on that in a closed session, but I would be glad to do that, sir.

Mr. ROHRABACHER. All right. Thank you.

And it is my understanding that that is the situation. And perhaps we should try to be a little tougher with China. And your testimony suggests that perhaps that would be something that we should focus on as well.

Now, in terms of the actual solution to this, I would hope that we don't come to the point where we just—where destroying that facility with the use of a military operation is the last alternative. And I would hope that we don't ever come to that. But I would suggest that the idea that we are doing our best to offer alternatives to the Iranian people, alternatives to the incompetent and corrupt and radical regime that now controls Iran, I think that is one of the most important alternatives that we have in terms of our course of action. And I would hope that we are doing that with vigor and as quietly as we can. But I hope that. And I understand that may be our country's policy, and I hope it is.

Mr. Chairman, I think that this administration is doing its best, and I would like to congratulate you and the ranking member for trying to be cooperative on this very serious challenge that we face with Iran.

Chairman BERMAN. The time of the gentleman has expired.

And the gentelady from California, Ms. Lee, is recognized for 5 minutes.

Ms. LEE. Thank you, Mr. Chairman. Let me thank you for this very important hearing.

And thank you, Ambassador Burns, for being here.

I for one believe, of course, that if you really believe in disarmament and nonproliferation, then we must find ways to work with countries to abandon nuclear weapons programs for any purpose other than for peaceful purposes, including Iran. But we have got to remember also that we are a nuclear-armed country, and we are about ready to enter a nuclear deal with India, which I oppose. And so our broader policies toward nuclear weapons and nonproliferation must also be seriously addressed.

Oftentimes there are unintended consequences of measures that we pass here, and while I respect Mr. Ackerman's real commitment to disarmament and nonproliferation and to deal with the Iranian nuclear program, H. Con. Res. 362—and I listened to his response with regard to the fact that it does not explicitly authorize a naval blockade, but I am certain that, as the resolution says, prohibiting

the export of all refined petroleum products could allow—mind you, could allow—the stopping of ships on the high seas. And also I think it sends the wrong message.

The resolution also prohibits the international movement of all Iranian officials not involved in negotiating the suspension of Iran's nuclear program, yet many, some on this committee, but many, including five former U.S. Secretary of States, have called for the United States to open talks with Iran to find common ground to resolve differences on many issues, such as on Iraq, which we have a very serious involvement in, and also Iran's nuclear program and other issues.

Now, I believe you said in your remarks that Iran poses serious challenges to the United States, which isn't the same as posing a threat to our vital interests. But either one, within the context of H. Res. 362, how do we engage Iran on a variety of issues such as Iraq if there is a prohibition of the movement of all Iranian officials not involved in the suspension of Iran's nuclear program?

Also, I would like for you to clarify the administration's position regarding the National Intelligence Estimate, which found that Iran had abandoned its covert nuclear weapons program in 2003. You said earlier it could—one of the items in the report was that it could restart it at any time. Well, has it been restarted yet?

And finally, what is your take on our policy toward Iran and how that is affecting the price of gas at the pump?

Thank you very much.

Mr. ACKERMAN. Would the gentlewoman yield?

Ms. LEE. Yes.

Mr. ACKERMAN. Would you add to the question for the Ambassador and ask if he could respond, if he would, to the question of whether or not the administration considers the resolution of which we have both spoken about as a declaration of war, or interpret it as calling for a blockade or enabling a blockade of Iran?

Ms. LEE. Reclaiming my time, let me ask the Ambassador, sure, could you answer Mr. Ackerman's question? But also I would just like to add to that while I don't read it as explicitly calling for a declaration of war or a blockade, that the unintended consequences of this could be and probably would be, if, in fact, we did prohibit the export to Iran of all refined petroleum products, a blockade. So you can answer the question to Mr. Ackerman and to myself. Thank you.

Ambassador BURNS. Thank you very much.

First with regard to the last point, I listened very carefully to Mr. Ackerman's explanation, Mr. Pence's explanation, and it seems clear to me that you are not talking about a blockade or a declaration of war. That is what you said explicitly.

Second, with regard to engaging Iranians, I tried to make very clear that we are fully committed to diplomacy right now; that we do engage directly with Iranians, as you know, about the issue of Iraq. We have had three sets of meetings. We are prepared for another meeting to talk about what are very important interests with regard to Iraq.

Ms. LEE. But what if you are prohibited from doing that, as this resolution would require, unless you are in discussions with regard to the suspension of Iran's nuclear program?



Ambassador BURNS. Well, ma'am, first, my understanding is, of the resolution you are talking about, a sense-of-the-Congress resolution anyway. So I don't see that a sense-of-the-Congress resolution necessarily is an obstruction to continuing discussions with Iranians in Baghdad about Iraq. The truth is—just to pick up on your broader point—the truth is in the past, in 2001, 2002, we engaged directly with the Iranians—I am sorry, excuse me.

Chairman BERMAN. The time—

Ms. LEE. Mr. Ackerman had a little bit of time on this, Mr. Chairman. May I have 30 more seconds to get his response, please?

Mr. ACKERMAN. Ask unanimous consent that the gentlelady have 30 more seconds.

Ms. LEE. Thank you.

Ms. ROS-LEHTINEN. No, I am really sorry, Mr. Chairman, because if we do it for you, Ms. Lee, can we do it for everyone on our side as well?

Ms. LEE. Would the gentlewoman yield?

Ms. ROS-LEHTINEN. Nothing to do with you, Ms. Lee. I was objecting to our side as well. I would be glad to give you 30 seconds if we could have 30 seconds each for our members.

Chairman BERMAN. Well, I would object to that.

Ms. ROS-LEHTINEN. Which question is more meritorious of time? It is not up to us.

Ms. LEE. Would the gentlewoman yield?

Ms. ROS-LEHTINEN. It has nothing to do with your question.

Ms. LEE. I just yielded to Mr. Ackerman.

Chairman BERMAN. The committee will come to order. I have to say that when you decide to yield some time, that that is your time you are yielding. And so I think we have to go on to the next questioner. And I will be around for a second round. And people are leaving, so it may not be that long.

The gentleman from Illinois, Mr. Manzullo, is recognized for 5 minutes.

Mr. MANZULLO. Thank you.

Ms. ROS-LEHTINEN. 5 minutes.

Mr. MANZULLO. I have a very short question. I would like you to comment on reports we have seen that China has requested the right to establish a naval presence at an Iranian port in the Persian Gulf as part of a "strategic dialogue" with Iran. Could you comment on that, Ambassador?

Ambassador BURNS. I don't have any information on that issue. I would be glad to check on it, but I am not aware of that.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE DONALD A. MANZULLO

We have no information that would suggest that China is pursuing permanent basing rights in Iran.

Mr. MANZULLO. Okay. The other thing that I would like to have you talk about is I guess it was Ms. Lee's, one of the multiparts of her question is what impact Iran is having on oil prices. That is another easy one. But I would like to hear your thoughts on that.

Ambassador BURNS. Well, I think it is clear that some of the reckless and provocative statements and behavior of the Iranian re-

gime have tended to increase people's worries about whether it is access to the Strait of Hormuz or other issues that do affect the energy market. And so I think there have been instances where it has had a very negative effect.

Mr. MANZULLO. My understanding is that the United States is still buying oil from Iran, is that correct, about 4 to 5 percent of our imports?

Ambassador BURNS. I don't know the exact figure, sir, but I would be glad to check and get it for you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE DONALD A. MANZULLO

The United States does not permit oil imports from Iran. Executive Order 12959 of May 6, 1995 prohibited the importation of all goods and services of Iranian origin, including oil, into the United States. This was reaffirmed in 1997.

Mr. MANZULLO. Okay. That is all I had. I yield back the rest of my time.

Ms. ROS-LEHTINEN. Mr. Chairman, perhaps if I could ask Mr. Manzullo if he would like to yield his remaining time to Ms. Lee.

Mr. MANZULLO. I would be glad to yield the remaining time to Ms. Lee. It is about 3½ minutes. Thank you.

Ms. LEE. Thank you very much.

Chairman BERMAN. 3 minutes and 15 seconds.

Ms. LEE. I wanted to hear the response from the Ambassador to my question, but also just conclude with a statement, which is a question with regard to the resolution, I believe, and you can say no if that is what you believe, but I think that the President could regard this resolution as calling for a blockade. And he wouldn't be wrong, I don't believe, in doing that if he read between the lines in terms of the prohibition of the export to Iran of all refined petroleum products. Thank you.

Ambassador BURNS. Yes, ma'am.

Well, just to pick up where I was with regard first to the issue of engagement, because you raised a very important point with regard to Iran, and I had mentioned the ongoing talks we have with regard to Iraq. I was beginning to describe 2001–2002, when we did talk directly and quietly to the Iranians about Afghanistan, and they turned out to be useful discussions in some respects. We have a proposal on the table now along with the P5+1 to engage directly with the Iranians, including at ministerial level, to talk about the nuclear issue or other issues that the Iranians want to bring up. So the issue is not our willingness to engage in serious diplomacy, the issue really is Iranian behavior and the choice we have posed.

You asked also about the NIE, and we stand by the judgments of the Intelligence Community that were reflected in the NIE. One of those judgments was that Iran had a weaponization program, it suspended it toward the end of 2003, it could restart it at any time. I am not aware of any evidence that it has been restarted. But I would also cite the other two elements of a nuclear capability that the NIE highlighted; that is to say enrichment as well as the development of advanced delivery systems. And in both of those two areas, the Iranians continue to try to expand their capabilities as best they can.

So the overall picture remains a very worrisome one. If the Iranians want to dispel those concerns and suspicions, there is a very straightforward way to do it, and that is to answer the questions that the IAEA, Mr. El-Baradei, has posed about past weaponization activities. And they are very precise. They don't depend only on American intelligence information, as Mr. El-Baradei has said publicly. They are the result of multiple sources of information from other countries in the world. So if Iran wants to dispel those suspicions, there is a very straightforward way of doing it.

Ms. LEE. Thank you.

And I thank the gentleman and Mr. Chairman and our ranking member for yielding.

Chairman BERMAN. The time of the gentleman, Mr. Manzullo, has expired.

The gentlelady from Texas, Ms. Jackson Lee.

Ms. JACKSON LEE. Mr. Chairman, thank you very much.

Secretary Burns, what an enormously important responsibility that you have, and welcome. Let me suggest that whatever the diversity of opinion on this committee, I think none of us will concede the point that there is a global war, if you will, on terror. Terror confronts countries other than the United States, and we should be unified against that terrible undermining of our processes of government.

In 2004, Osama bin Laden said that his intent was to bleed the United States into bankruptcy. It may not be directly related to the question of Iran as we speak, but it does say that there will be economic efforts to undermine our country as well as physical acts.

In the sense of Iran, they seem to be the kind of wording or words offered from the leadership of Iran that speak to either violence and/or the question of undermining the global energy market.

So let me just ask some pointed questions as quickly as I possibly can, and if you can be succinct.

Do we have a date of which we intend to attack Iran?

Ambassador BURNS. No. No, Madam Congresswoman. We remain fully committed to a diplomatic approach.

Ms. JACKSON LEE. I will make it clear after you have answered that that I am completely opposed to a military offense against Iran on the basis and evidence of the actions in Iraq, but you have answered that you are completely committed.

What is the status of what I understand was reported recently in the newspapers of suggestions by the administration to begin some discussions with Iran, I believe on their nuclear program?

Ambassador BURNS. Well, ma'am, what we have made clear, along with the P5+1 partners, is our willingness to negotiate directly with Iran about the nuclear issue. And that is laid out now in three Security Council resolutions. It is premised on Iran's meeting its international obligation to suspend enrichment and reprocessing, but we are ready, with our partners, to engage directly with Iran on that basis.

Ms. JACKSON LEE. And so you want a—the suspension would be based upon a declaration by the President of Iran? Or how is the suspension to be articulated?

Ambassador BURNS. Well, it would be—I mean, it is a suspension for a suspension, in the sense that there are two sides to this.

What the international community would do, the P5+1, is suspend the application of the existing Security Council resolutions and their sanctions. And, in return, what Iran would do is suspend all enrichment and reprocessing activity to provide a basis for negotiation.

Ms. JACKSON LEE. And I understand that. And is that a statement to the United Nations or a public statement of suspension or a documentation of suspension?

Ambassador BURNS. It would have to be verified by the IAEA, yes, ma'am.

Ms. JACKSON LEE. All right. So there is an action from an international body that would have to come about?

Ambassador BURNS. Yes, ma'am.

Ms. JACKSON LEE. What kind of global efforts are we joining in helping to promote the democratic forces in Iran? That includes the strong middle class and other resistance movements.

Ambassador BURNS. Well, we have, with the generous support of the Congress, a very active outreach program to connect to civil society groups in Iran, to promote exchanges, scholarships. There is, as I mentioned in my opening remarks, a real thirst on the part of Iranians, especially in the younger generation, for connections to the rest of the world.

Ms. JACKSON LEE. Let me move quickly to the energy sector. I think one of the my colleagues mentioned that the Iran Sanctions Act has been in place for 7 years, and I understand the answer might have been that we have not charged one country for any violation.

That violation is based upon investment. What about violations based upon purchases? Is that covered under the Iran Sanctions Act?

Ambassador BURNS. Not in my understanding. It pertains to investment as opposed to purchases.

Ms. JACKSON LEE. Mr. Chairman, I would be interested in a modification of that legislation, which I would like to review, as to why it is not purchases.

With respect to the energy sector, what is the ability of Iran to destabilize what is already a destabilized market as it relates to the enormous amount of foreign imports that United States now engages in, 70 percent? What is Iran's role in that? And what are we doing, as a Government, to be able to overcome that?

Ambassador BURNS. Well, ma'am, Iran is a big player in the international energy market and so—

Ms. JACKSON LEE. And they can destabilize it.

Ambassador BURNS. That is right. As a big player, they have influence. They can use it constructively or they can use it negatively, as other big players can as well.

And what is incumbent upon us is something that is beyond the purview of my current job, but it is to develop sensible national energy strategies, it is to look for ways in which we can try and ensure the stability of the energy market as best we can, ensure secure access through the Straits of Hormuz, as we have for 60 years.

Chairman BERMAN. The time of the gentlelady has expired.

Ms. JACKSON LEE. I thank the chairman. I thank the witness.

Chairman BERMAN. The gentleman from North Carolina, Mr. Miller, is recognized for 5 minutes.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Ambassador, you just said that there were strong desires among younger Iranians for more of a connection to the world. Before the Iraq invasion, many in the West, many experts on Iran believed that there was a strong democracy movement in Iran, and there was a real prospect for reform coming from within Iran.

Most think that the Iraq invasion has set that back, but there are some democratic forms in Iran. Elections, obviously not elections we would consider free and fair, but Iranians still appear to have used their vote in those elections to express discontent.

What kinds of forces are there still? What kinds of forces are there for reform and democracy in Iran? How would you assess the prospects of reform coming from within? And how can we encourage that?

Ambassador BURNS. Thank you very much, Congressman.

I think the truth is that the political landscape in Iran, over the course of the last 10 years, has shifted in a more conservative direction. I think, as a political force, reformists, who seemed to be on the rise 10 years ago, are more marginal than they were then.

There has been a deterioration in the human rights situation in Iran over the course of that decade. But there does remain a debate that you can see in Iranian society over different kinds of issues, whether it is social issues, the issue of economic mismanagement, even tactics over the nuclear issue. As I mentioned, over the last few weeks, we have seen a debate in the media within Iran over that issue as well.

I think not only the United States but other countries around the world can contribute, in a way, to that interest on the part of Iranians, especially in the younger generation, in connections to the rest of the world. We do it through many of the programs that the Congress has generously funded. And there are other countries around the world and the European Union who do that as well.

I think that is a very important investment on the part of the United States, because it helps demonstrate to Iranians what it has to lose by its current behavior on the nuclear issue but also what it has to gain through connections to the rest of the world, moving beyond its current isolation in a direction that can benefit Iranians and Iran over the long term.

Mr. MILLER. Ambassador, you said that human rights conditions had deteriorated in Iran in the last 10 years. Iran gets a lot of our attention: Ahmadinejad's belligerent rhetoric, their uranium reprocessing or their uranium enrichment or reprocessing, their refusal to allow inspections or otherwise cooperate with IAEA, support of Hezbollah and Shiite militia in Iraq, on and on. But human rights abuses have not gotten much attention, and deteriorating human rights conditions.

What has been the form of those human rights abuses? What kind of human rights abuses have there been? Who are the victims of them? And what are we doing about it and what can we do about it, particularly what can we do multilaterally?

Ambassador BURNS. Well, sir, there have been different ways in which that deterioration has been expressed: The detention and ar-

rest of individual civil society activists. And we have spoken out, as have the Europeans and others, about some of these specific cases. There remain serious problems with regard to religious freedoms and the repression of groups like the Baha'is. And, again, we have spoken out about that, but so have international NGOs, other governments, the Europeans in particular.

And so, just as you suggested, we try to ensure that we are part of a chorus of voices that are expressing these concerns. Because I think that has the most impact, in terms of being supportive of those voices in Iran, and also the most impact over time on Iranian behavior.

Mr. MILLER. Ms. Woolsey mentioned earlier that most do not really regard Ahmadinejad as being in charge. He is the most visible figure. He attracts a lot of attention—he tries to attract a lot of attention. But clerics and others are really more in charge. And although they may not be attractive to us, they are grownups, they are rational actors. They can be negotiated with, and they will not do irrational things.

Is that your sense?

Ambassador BURNS. I guess the first point I would make, sir, is that a certain amount of humility is always important when Americans look at the Iranian political system. There is no shortage of examples where we have gotten it wrong before. It is a very complicated and sometimes opaque system.

Second, you are absolutely right, it is the supreme leader. Ali Khamenei is the ultimate decision maker in the Iranian political system. Now, there remains a complicated array of power centers beneath him that are going to have a lot of influence on any number of decisions, whether it is management of the economy, or the nuclear issue, or Iran's support for terrorist groups overseas.

And the current President represents one of those power centers, but it is a very complicated political system. But it is one where we hope we can affect the calculus of costs and benefits, especially on the nuclear issue.

Chairman BERMAN. The time of the gentleman has expired.

The gentelady from California, Ambassador Watson, is recognized for 5 minutes.

Ms. WATSON. Thank you very much, Mr. Chairman.

And thank you, Secretary Burns.

I fear that the administration, with the potential concurrence of Congress, is intent on engaging Iran through force. And we have seen how intelligence has been misused in the call to war in Iraq. And I fear that, at this time, we are witnessing the same conflation of intelligence with respect to Iran. And the reports of hundreds of millions of United States dollars being spent for covert activities in Iran are disturbing and problematic.

Now, we have been reading about the testing of the missiles, but—and you have already said it—I believe that more diplomacy is necessary, and we have not been as effective as we could be.

So I understand what Secretary Rice said about the possible opening of a United States interests section in Iran, and I would like you to comment on that.

She said,

“The United States has been, for some time, trying to reach out to the Iranian people in various ways. And we do have the station in Dubai where they can get visas, but we know that it is difficult for Iranians sometimes to get to Dubai, and we want more Iranians visiting the United States. We have determined to find ways to reach out to the Iranian people.”

And in response, the Iranian Foreign Minister said that Iran is open to the idea, saying that contacts between the Iranians and the American people will be a useful step for better understanding of the two nations. And I have always believed in the value of citizen exchange programs.

I understand that most of the population in Iran is under 40 years of age?

Ambassador BURNS. Yes, ma'am.

Ms. WATSON. They love our movies, they love our sports, they love our music. And I think, really, the guy on the street and the gal on the street really loves America and wants to be more like us.

And I think this interchange with the younger people is probably one of the best cures for the anti-Americanism that is rampant in the world today. We just got back from Kazakhstan, and I think 16 of us did a lot to improve our image.

So how many programs currently exist for citizen exchanges between the United States and Iran? And will the United States seek to open an interests section in Iran any time in the near future?

Ambassador BURNS. Thank you, Congresswoman.

The idea of the interests section, as Secretary Rice suggested, is an interesting one, and it is one that is worth looking at carefully. I mean, I can't go beyond that in terms of talking about our internal deliberations.

But I would re-emphasize what Secretary Rice said, and that is that we do have a real and abiding interest in deepening our connection to Iranian society and to Iranians. We would like for there to be more interactions, for all the reasons you just described. We would like to make it possible for more Iranians to visit the United States, whether it is through the kind of exchange programs in sports and culture that we have already set up or simply through people obtaining visas and traveling on their own.

So for all those reasons, and also as a way of showing respect for Iranians and for Iranian society, we want to find ways to increase those kinds of interactions.

Ms. WATSON. I am glad to hear you say that. I think Ahmadinejad's image is as the bomb-thrower. We don't have to catch them and throw them back. If we fell for his line, we would be in the Third World War, and it would be the destruction of our planet. No doubt about that.

So I would hope that you in the State Department, I myself as an Ambassador, would do all that we can to reach the people in the streets. Because I think they are going to make a difference.

And the administration has said on numerous occasions that the Iranian leadership has been involved in the killing of American soldiers in Iraq by dispatching commando units into Iraq and, indirectly, materials for roadside bombs and so on. I would hope—

Chairman BERMAN. The time unfortunately—

Ms. WATSON. Yes, I will just finish this sentence.  
Let that be rhetoric. Let us try for more diplomacy.  
Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentlelady has expired.  
The gentleman from New York, Mr. Engel, for 5 minutes.

Mr. ENGEL. Well, thank you very much, Mr. Chairman. I have listened to a lot of what everyone says.

Let me first of all congratulate Ambassador Burns in his new role. I know that you have a long and distinguished career, and personally I am very happy to see to see you in your new role. And thank you for your testimony.

I just want to make a statement. You know, nobody wants war. I mean, given the debacle in Iraq, nobody wants war with Iran. The shame is that the people of Iran—I know a lot of Iranian-Americans who have family in Iran. The average person on the street likes America. In many ways, we should be natural allies.

But I think also what disturbs me is how some people, in their zest for not wanting war, become apologists for what essentially is a fascist regime in Iran. I mean, it really is. It oppresses its own people. It is a theocracy, no rights for its populations. Reformers that attempt to run for office are disqualified, so you really don't have any kind of contest. And I just don't think that in our zest to not want war—and none of us want war—that we don't become apologists for a fascist regime in Iran. Because that is what they really are.

And when Ahmadinejad says that he wants to wipe Israel off the face of the Earth, I believe him. And I don't think it is only Israel he would like to wipe off. I think there are a lot of other countries, ours as well, that he would like to do it.

And I remain convinced that the best way to avoid war is to sanction them and to make sure that their refined petroleum—that we make it very hard for them to function by trying to block the refined petroleum.

I want to ask you, though, because we have heard, and I think what makes, for me, the Iranian regime dangerous is that they are certainly the leading supporter of terrorism around the world. And I would like to ask you some questions about that.

Iran's deliveries of rockets to Hezbollah and to Iraqi Shiite militias, in my estimation, appear to constitute a violation of Resolution 1747, which bans Iranian export of arms.

So I would like to ask you: How is the administration or the U.N. holding Iran accountable for these violations? And how, if at all, is the administration or the U.N. holding accountable those states which facilitate such exports?

Ambassador BURNS. Thank you, Mr. Engel.

First, those transfers of weapons and financial support clearly are a violation of 1747. We have acted in two ways to try to highlight that and act on it.

First is autonomous steps the United States has taken. Last year, for example, when we designated the IRGC and the Quds Force, that was in large part because of the violations that you have described.

And, second, we have used the U.N. Sanctions Committee to highlight those violations and encourage member-states like Tur-



key, for example, when they intercepted a shipment of weaponry on a train that was headed to Syria, again, to bring that to the Sanctions Committee.

And we have certainly used those violations as a basis for further action in the Security Council, such as Resolution 1803 and the measures to increase vigilance on the part of all U.N. member-states to try as best we can to ensure that these violations don't take place in the future.

Mr. ENGEL. Let me ask you this: The State Department, for many years, has named Iran not only as the world's leading state sponsor of terror, but as, I quote, "the central bank for terrorism."

So could you tell us specifically, what is the state of Iran's support for international terrorism, specifically Hamas and Hezbollah?

And reports continue to indicate the massive re-arming of Hezbollah in Lebanon. What role does Iran play in the arming of Hezbollah? And what is UNIFIL doing to stop the re-arming of Hezbollah?

Ambassador BURNS. Just as you said, Congressman, Iran remains the main supporter of international terrorism. It continues to provide tangible support to Hezbollah, to Hamas, to Palestinian Islamic Jihad, to many other extremists groups who threaten anybody's hopes for a better future in the Middle East.

And we have worked with the U.N. in all of its various forms. We have worked with our partners in the region to try as best we can to bring pressure to bear against that kind of behavior. We have used U.N. Security Council resolutions. We have used autonomous U.S. designations of groups.

We have, I think, made some fair progress against financial terrorism and in trying to close off the means that the Iranian regime uses to support these groups, whether it is in the designation of particular banks by the United States or in efforts that the EU and others have made to designate those banks as well.

Mr. ENGEL. Thank you.

Chairman BERMAN. The time of the gentleman has expired.

I will yield to myself for 5 minutes for the second and, I think, last round of questioning.

Ambassador Watson raised the issue of the U.S. interests section. And I am curious about how receptive Iran is to the idea. And much of the reporting on the interests section has suggested that Iran already has an interests section here in Washington that is similar to the one envisioned by Washington for Tehran. Foreign Minister Mottaki has said this as well.

Is it accurate to say that the interests section we envision in Tehran is similar to the one the Iranians already have here? Are Iranian diplomats running the Iranian interests section here on Wisconsin Avenue? And, if so, how did this unequal situation come about in which Iranians run their own interests section here while United States diplomats are barred from Iran?

I have a couple of other questions as well, but let's start with that.

Ambassador BURNS. Just on that one, sir, as I said before, I can't really go much beyond saying that the interests section is an interesting concept, that it is worth looking at carefully. But in terms of our internal deliberations, I can't go beyond that.

In terms of the facts, the United States does, through the Swiss, have an interests section—what is called an interests section in Tehran, but there are no American diplomats there.

And under the Pakistani Embassy in Washington, the Iranians have an interests section which employs something like two dozen people. None of them are Iranian diplomats, to the best of my knowledge. They are all either U.S. citizens, dual nationals, or green card holders. But they don't have Iranian diplomats at that interests section.

Chairman BERMAN. So they are Iranians, but in many cases either Iranian-Americans—

Ambassador BURNS. Correct.

Chairman BERMAN [continuing]. Or Iranians under a green card, authorized to work in the United States.

Ambassador BURNS. Correct. Yes, sir.

Chairman BERMAN. All right.

A little more on this issue of the opaque system of governance in Iran. Is it the State Department's view that—is there a pro-engagement camp in Iran and an anti-engagement camp? Is there a camp that is willing to suspend uranium enrichment for the sake of engaging the U.S. and freezing the increase in sanctions?

What would be the domestic political implications in Iran of a decision to engage in dialogue with the United States? And if there is such a debate, how can we affect that outcome positively? And who should we be rooting for?

Ambassador BURNS. Well, Mr. Chairman, first point is just to repeat what I said before about humility being a good guide to Americans trying to figure out Iranian political behavior. And we have had a pretty checkered history in the past about trying to guess who is a pragmatist and who is a moderate and who is not. It does remain, as you yourself said, a fairly opaque system.

Having said that, there is a debate—and we have seen some of it in public in recent weeks—about tactics, whether it is with regard to economic management at home or the nuclear issue. And there does seem to be a debate, and you see this played out in the press sometimes in Iran, amongst those who think it is worth testing the proposition that Mr. Solana put on the table a few weeks ago in Tehran on behalf of the P5+1.

You asked what we can do to help, to the extent we can, affect that process. And it seems to me that what we need to do is to continue to make very clear our seriousness about the propositions that Mr. Solana put forward and to try and sharpen the choice as best we can for Iranians about what they stand to gain in a change in behavior and what they stand to lose through continuation of current behavior.

Chairman BERMAN. Speaking of the P5+1 proposal, the State Department has received a response, I am told. I am curious about when you might share that response with the Congress and, also, what can you tell us while we wait to see that response about that response?

And is it possible, at this point, if you can't discuss the proposal publicly at this time, can we get a classified briefing at the earliest possible time?

Ambassador BURNS. Sure, I would be glad to meet with you.

Chairman BERMAN. In other words, you don't feel comfortable responding publicly or characterizing the response publicly.

Ambassador BURNS. No, certainly, I mean, what I would say in this setting is that the Iranians did provide a response at the end of last week. It was in a written form and also in the form of a telephone conversation between the principal Iranian nuclear negotiator, Mr. Jalili, and Mr. Solana.

The thrust of both of those forms of communication was to suggest that Iran is interested in trying to find common ground and that it is interested in a further discussion of these issues and that it is interested in moving toward negotiations.

But, beyond that, I think what we are going to continue to do is make clear our seriousness, and we will see if the Iranians are serious.

Chairman BERMAN. My time has expired.

We will try to work on that classified conversation.

And the gentlelady from Florida, the ranking member.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman.

And following up on this question of the possible opening of a United States interests section in Iran, how much would the Department estimate that this would cost? And do you believe that this would be an appropriate use of American taxpayer dollars, especially in light of Iran's history concerning our Embassy, our officials, or other facilities in Lebanon, and the Khobar Towers in Saudi Arabia? Do you think that Americans would be safe at a diplomatic post in Iran under this radical regime?

I think we need to get real about Iran's past and present activities. And let me just list a few of them: 1979, the taking of U.S. Embassy and American hostages in Iran; 1983, Iran was behind the bombing of the U.S. Embassy and Marine barracks in Lebanon—how many died?; 1984, Iran was behind the bombing of the Embassy annex in Lebanon; throughout the 1980s, Iran takes American hostages in Lebanon; 1996, Iran is behind the bombing of the Khobar Towers in Saudi Arabia; 2003 to the present, it supports, finances and arms militants in Iraq and Afghanistan who are killing Americans, killing Iraqis, killing Afghans and other individuals who are supportive of freedom and democracy in these countries; 2007, Iran arrests and detains American academics in Iran's nefarious jails.

Our response? Ping pong, soccer, basketball, and no real sanctions. I hope that we do wake up.

Just for my remaining time, Mr. Ambassador, in the span of 11 months, between February 2006 and January 2007, at least 13 countries in the Middle East announced new or revived plans to pursue or explore civilian nuclear energy.

Given the dubious need for nuclear energy in this region that is full of oil and gas and the inherent risk of proliferating nuclear weapons, why is the U.S. backing this rapid spread of nuclear technology and facilities? And would you agree that the most salient factor behind this sudden development is not shortage of energy but fear of Iran?

Thank you.

Ambassador BURNS. Thank you very much, ma'am.

With regard to the four memoranda of understanding that the United States has entered into with Jordan, Bahrain, UAE and Saudi Arabia about civilian nuclear programs, our view is that these kinds of efforts actually help to demonstrate that you can develop civilian nuclear programs for peaceful purposes but you don't need to enrich and reprocess. And, in each of those memoranda, it is made very clear there is not going to be any enrichment or reprocessing.

So, in our view, one of the big challenges, not just in the Middle East but around the globe, as you look out over the rest of this administration and the next administration is: How do you deal with what remains as, sort of, the central gap in the NPT regime? And that is the ability of member states to enrich and reprocess right up to the point of nuclear weapons capability.

And what we have worked on with the Russians and with others is to develop a different path, a path that doesn't require mastery of the fuel cycle, that doesn't require enrichment and reprocessing. It shows many countries around the world that you can develop civilian nuclear power for peaceful purposes without the proliferation dangers of enrichment and reprocessing.

So, in that sense, we think that what we are about with those four countries in the Middle East is a way of underscoring that it is that pathway which we think provides a safer and more beneficial future in terms of civilian nuclear power, not just in that region but around the world.

Ms. ROS-LEHTINEN. Thank you, sir.

I have 50 seconds left, if anyone would like it.

Ms. JACKSON LEE. I would.

Ms. ROS-LEHTINEN. I would like to yield to Ms. Jackson Lee.

Ms. JACKSON LEE. I just want to quickly, Mr. Secretary—H. Res. 1310 is the legislation that I have that asks for the release of religious prisoners. It talks about the interest in the violation of human rights and asks for a diplomatic envoy.

You are, obviously, engaged in discussions. Just give me, quickly, a sense of the efforts made by the United Nations, by the United States, and whether or not, if you engaged in negotiations, that you will have as one of the issues beyond nuclear the release of religious prisoners, discussion of human rights and the viability—you know, we send an envoy though Eritrea and Ethiopia that obviously don't represent Iran, but we had one there. What is the viability of those elements?

Chairman BERMAN. The gentleman has 0 seconds to answer that question, but if the gentlelady hangs around, it will be back to her very soon, and we can get the answer to that.

The time of the gentlelady has expired.

The gentleman from California is recognized for 5 minutes, Mr. Sherman.

Mr. SHERMAN. Well, I will lead off with a question for the record because it is not fair to hit you with it right now. But if you could detail for the record those occasions in which this administration has voluntarily significantly inconvenienced a multinational corporation in an effort to deal with the Iran nuclear program, that would be helpful.

I have asked other administration officials, and they have been unable to mention any occasion where that has been done, which is a little shameful given the more than inconvenience that our troops have suffered in an effort to prevent weapons of mass destruction being developed in a far less significant neighboring country.

Let's focus on Russia. Russia has been part of the process by which we have gotten very minor sanctions through the United Nations Security Council. The key is getting U.N. Security Council sanctions that prohibit refined petroleum from being exported to Iran.

There are a couple of ways to deal with the Russians. One is to try to convince and beg; the other is to bargain. Dare I use the word, in polite society, "linkage"?

And so far we have failed to really convince Russia that Iran's nuclear weapon is such a grave geopolitical threat to them that they should give up the economic benefits of continued cooperation with Iran.

So the question really is, if we can't convince—and they are pretty smart people; I don't think we are going to tell them anything they don't already know—we can bargain.

And so I have a couple of yes/no questions. I am hoping they are yes/no questions.

The first is: Have we told or hinted to Russia that our policies about Transnistria-Moldova, South Ossetia, Abkhazia or missile defense in Eastern Europe—any one of those four issues—is linked to whether they would take a very hard line on Iran and the United Nations?

Ambassador BURNS. No, I don't believe we have done that.

Mr. SHERMAN. Have we hinted to China that our policy toward their currency value issue is linked to their policies toward Iran?

Ambassador BURNS. No, sir.

Mr. SHERMAN. Okay.

Let me shift to another issue, which is divestiture. The question is: Should we allow pension plans to divest from companies that are doing business with Iran?

Now, given the view that shareholders should be in control of corporations and investors in control of their own money, given the hostility of this administration toward frivolous lawsuits and trial lawyers, and given this administration's alleged hostility to international corporations who help the Iran regime, can you tell me why the administration opposes, at least subtly, and refuses to support the Iran Sanctions Enabling Act, which does nothing more than say that pension plan trustees are free to sell their stock in companies doing business with Iran without the risk of getting sued?

Ambassador BURNS. Well, Mr. Sherman, the concerns, as I understand them, about divestment, whether it is with regard to Iran or in general, have had to do with questions about its potential impact on capital markets, questions about its impact on foreign partners, foreign governments, and our ability to continue to increase other forms of economic pressure on Iran and mobilize a strong international coalition. So—

Mr. SHERMAN. So if shareholders want to sell stock in a company, they should face frivolous lawsuits, because that makes the companies and their host countries happy?

Ambassador BURNS. No, I don't necessarily think so. But, sir, I can try to get you a more considered answer on that question.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE BRAD SHERMAN

The Administration understands and fully shares Congressional desires to find effective means to pressure the government of Iran to comply with its international obligations. We do need to take care that any new sanctions are likely to be effective and do not in fact work against our efforts to maintain international support for pressure on Iran.

Congressional authorization for State and local governments to divest from foreign companies doing business with certain sectors in Iran could be seen (however incorrectly) as effectively converting State actions—which States are already taking—into federally protected privileges, thereby undercutting the Supremacy Clause and the President's powers thereunder.

The Administration bears the responsibility of developing a coherent policy on Iran; this is not a responsibility which can or should rest with states. Our concern is that measures such as the divestment authorization will lead to a fragmented approach rather than a unified message to the rest of the world.

Mr. SHERMAN. I think the ultimate answer will be this administration is absolutely dedicated to the powers of corporate management, and that exceeds their concerns about any of the things that the State Department focuses on.

Finally, the World Bank, which has approved \$1.35 billion in loans to Iran, thus allowing Iranian politicians to tell their people, "The whole world not only loves us, they are sending us money," and makes it politically difficult for those of us in the United States who support foreign aid.

Has the administration sought a vote of the World Bank Board to prevent the disbursement of the half of these funds that have yet been disbursed, an extraordinary vote to freeze the dollars? Or are we going to see the remaining dollars disbursed according to the contract?

Ambassador BURNS. I don't know, Mr. Sherman. I do know that the United States has voted against those kinds of efforts consistently since—

Mr. SHERMAN. Well, you are require by law to do so.

Ambassador BURNS. And, finally, I also do know that there haven't been any new programs that the World Bank has started with regard to Iran since—

Mr. SHERMAN. I hope you will get back to me on that question. Ambassador BURNS. I will.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE BRAD SHERMAN

The Administration has consistently opposed World Bank lending to Iran. The United States has opposed every lending proposal since the early 1980s. The United States Executive Director (USED) at the World Bank actively makes the United States' views on Iran known to both Bank management and to other Bank shareholders and has strongly opposed the individual loans and guarantees to Iran that were brought before the World Bank Board of Directors in previous years. However, the U.S. does not control a majority of the voting shares of the Bank and we cannot block lending on our own.

Iran only qualifies for non-concessional loans based on market rates. It receives none of the funds the Congress annually appropriates to the International Development Association (IDA), the World Bank's concessional lending window for the poorest countries. There have been no new loans or guarantees since 2005 (before UN sanctions were first imposed in December 2006). The Department of Treasury assesses that the Bank is in compliance with UN and OFAC sanctions against Iran in how the funds are disbursed. We expect no new loans to be proposed in the foreseeable future. Due to the World Bank's contractual obligations, and based on the votes of its shareholders, some disbursements of previously-approved funds may occur in the future.

We will continue to oppose any Bank, MIGA or IFC loans or other types of financial assistance to Iran, and strongly urge other shareholders to oppose them as well. In addition, we will work to ensure that all World Bank operations are consistent with the letter and the spirit of all relevant U.N. Security Council resolutions.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Texas, Mr. Paul, is recognized for 5 minutes.

Mr. PAUL. Thank you, Mr. Chairman.

My first question, Mr. Ambassador, I hope is a short answer. Did I understand you correctly that we do not have any hard evidence that the Iranians are enriching to weapons-grade?

Ambassador BURNS. At this stage, sir, I would have to get back to you in a classified setting with a specific answer on that question. But we do know the Iranians are continuing to enrich in violation of their international obligations.

Mr. PAUL. Well, that would mean it would have to be weapons-grade then, because there is a lot of enrichment for peaceful purposes. So I think you answered the question.

Ambassador BURNS. No, but my only point, Congressman, is that precisely because the Iranians have not answered all the questions that the IAEA has posed to them about past weaponization questions, it is important for the Iranians to meet their international obligation to suspend enrichment.

Mr. PAUL. Okay. And, yet, up until now, they have not been found in violation of the NPT.

But let me go on to the next question, and this has to do with our reaction to a theoretical situation. What would we do if a powerful foreign government announced that it was prohibiting the exportation and importation of petroleum products and, at the same time, imposed stringent inspections on all U.S. citizens going and coming from the country, all vehicles, all ships, all planes, all trains, and all cargoes?

I know how the American people would respond, but how—could you give me an opinion about how we in this country should respond to a powerful country doing that to us?

Ambassador BURNS. Well, Congressman, just as you said yourself, I mean, I don't think the American people would appreciate that.

Mr. PAUL. But you don't want to say how we should respond.

Ambassador BURNS. Well, I am sorry, Congressman. I don't quite know how to respond to that hypothetical question.

Mr. PAUL. Let me follow up on that question. What I just described, how is that different than a blockade? If somebody came in and did this to us and said that we were going to prohibit the exportation and importation of petroleum products and not allow

people to go back and forth, vehicles, ships, planes, trains and cargoes, how does that differ from a blockade?

Ambassador BURNS. Congressman, I am sorry. I don't understand the question.

Mr. PAUL. What I am trying to get is a definition of a blockade. I am describing a set of circumstances which is the same set of circumstances that we are proposing here in the House to impose on Iran.

So I want to know how that is different from a blockade. I have been told here today it is not a blockade. But if people aren't allowed to go back and forth, it sounds to me like a blockade, unless an expert like you can give a better definition of what a blockade is versus sanctions.

Ambassador BURNS. I am sorry, I am not an expert on blockades. Blockades are often commonly understood to mean efforts that are enforced, whether it is by the Navy or by others, I mean, such as the blockade that applied in Cuba 40 years ago or so during the missile crisis. So I don't—but, I mean, I am glad to try to get you a more precise technical definition.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO  
QUESTION ASKED DURING THE HEARING BY THE HONORABLE RON PAUL

U.S. policy toward Iran does not constitute a "blockade."

The United States has maintained a strict trade and financial-related sanctions program against Iran for almost 30 years. This program prohibits virtually all commercial trade between the U.S. and Iran. Our efforts in recent years have focused on a conduct-based targeted financial action aimed at disrupting Iran's proliferation and terrorism activities. We have shown that these types of targeted, conduct-based financial measures aimed at particular bad actors can be quite effective, in part because they unleash market forces by highlighting risks and encouraging prudent and responsible financial institutions to make the right decisions about the business in which they are engaged. In doing so, we demonstrate to the Iranian regime the high costs of their proliferation activities and support for terrorism.

These sanctions are complemented by multilateral measures, achieved through UN Security Council Resolutions, and designed to protect the international financial and trading systems from the threat of Iran's proliferation activities.

The P5 plus 1 have offered Iran a generous package of incentives, including economic cooperation, in return for Iran's suspension of enrichment activities.

Mr. PAUL. Okay. Because it sounds like the Navy would have to be involved if petroleum products weren't allowed to go in and out and ships and cargo weren't allowed to go out, it sounds like the Navy would be involved.

When our Government states that all options are on the table, does that mean that a nuclear first strike is an option for us as a country?

Ambassador BURNS. Sir, it doesn't. When we say all options are on the table, in the same breath we always emphasize, the President has always emphasized, that we are fully committed right now to a diplomatic approach. And he hasn't gone beyond that, nor have other senior American officials, with regard to, you know, anything beyond saying that all options remain on the table.

But our focus is a diplomatic one. We are convinced that we have not exhausted all the diplomatic options before us and the rest of the international community. As I have tried to make clear today, we are determined to try to maximize the possibilities for a diplomatic solution.



Mr. PAUL. But that is very similar to what we were told before we went into Iraq, that the Iraqis wouldn't negotiate with us and yet we were willing.

Chairman BERMAN. Will the gentleman suspend for one moment?

Let's just remember the original, sort of, understandings here. No disturbances during committee proceedings. And ask everybody to let the gentleman from Texas' comments and questions be made and answered.

I am sorry.

Mr. PAUL. Well, I see my time has expired, so I am willing to yield back.

Chairman BERMAN. All right.

The gentlelady from Texas, when her questioning was previously interrupted, she had asked a series of questions about human rights issues, her resolution, administration efforts. But it is your time.

Ms. JACKSON LEE. Thank you very much, Mr. Chairman.

Mr. Secretary, if you would just yield for a moment, I will yield to you for those questions.

But, Mr. Chairman, I want to take personal privilege to acknowledge Soo Jung, who is in the room, who is with the U.S. Congress-Korean National Assembly Exchange Program. And she has been selected by the National Assembly to represent them at the State Department. And she is going to be joined by my staff, who will travel to Korea to participate in this program as well. So Soo Jung is here.

Chairman BERMAN. We are very glad to have you here.

Ms. JACKSON LEE. Thank you very much.

Let me try to take up Mr. Paul's question. And using your language, which is you qualified you are not an expert but your understanding on a blockade is naval ships. And I think Mr. Paul was trying to probe language that suggested the stopping of the ingress and egress of goods going back and forth.

So let's try to be as specific as possible on your understanding of what a blockade that includes naval, military assistance. Does the United States now have a date to engage in a blockade or a blockade to stop the ingress and egress of any goods?

Ambassador BURNS. No.

Ms. JACKSON LEE. And you then followed up by qualifying yourself again that all options are on the table. How do you explain that to the American people who unfortunately have the history of the Iraq war, when the administration indicated they would go to the U.N. and they would use the resolution to continue to negotiate, to send the IAEA, and then all of a sudden a declaration of war was made, many of us believing it was unconstitutional? But just to give you the backdrop, then what does that mean when all options—and I am hearing you talk about diplomacy—are still on the table?

Ambassador BURNS. Well, yes, ma'am. All I can speak to is what our focus is on, and our focus is very much on diplomacy now. And that is what we are determined to try to exhaust.

And as I said before, I am convinced we have not exhausted all those alternatives, that there is more that we and others in the

international community can do to sharpen the choice I described for Iranians.

Ms. JACKSON LEE. So North Korea is not perfect. I believe that is an example.

But let me go to the question that I asked, the special envoy, the question of human rights and religious abuses, and whether that is very much a part of your negotiation or would be a part of it.

Ambassador BURNS. It certainly is very much a part of our concerns, not only American concerns, but those of international NGOs, the U.N. and others who have highlighted both human rights abuses and the deterioration of human rights situations in Iran and also problems of religious freedom.

Ms. JACKSON LEE. Are we pressuring to have religious detainees and those detained under human rights abuses, et cetera, to be released? I mean, that should be part our message. The world welcomes that.

Ambassador BURNS. Yes, ma'am, and we absolutely do. I cited before the case of the Baha'is as one example, who have been detained. We have spoken out publicly and pushed with other governments to seek their release.

Ms. JACKSON LEE. I commend you to H. Res. 1310. The other question is the envoy concept that we have used in a number of negotiations around the world. Your thoughts on that?

Ambassador BURNS. I would be glad to look it into it and get you a more considered response on that.

Ms. JACKSON LEE. Just generally—don't speak to the legislation—the concept of envoy?

Ambassador BURNS. Certainly, as you mentioned, there have been cases involving other countries of concern around the world where we have used such envoys. I am not familiar with the background with regard to Iran, but we would be glad to look into it and get back to you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE SHEILA JACKSON LEE

We are always reviewing our options for sharpening the choice for Iran between a productive, diplomatic way forward and further international isolation. The envoy concept has been useful in various situations in the past. At this point, we have very robust diplomacy taking place both with our P5 plus 1 partners and with like-minded allies outside the Security Council, but our diplomacy will continue to evolve as needed to meet the challenges and opportunities posed by Iran.

Ms. JACKSON LEE. Okay. Let me just finish again by trying to probe the energy scenario. What efforts is the Government making to ensure the containing of Iran's ability to disrupt the world energy market? Are we engaging OPEC? Are there policies the Department of Energy may be engaging as they sit around the Cabinet table with the Secretary of State, Secretary of Defense, about the potential of Iran using energy, in essence, in an untoward, destructive manner?

Ambassador BURNS. Well, certainly, Congresswoman, we work through a number of institutions with a number of our partners around the world to try as best we can to ensure stability in the global energy market.

Ms. JACKSON LEE. Do you have any information about what Iran might be doing prospectively with their energy resources?

Ambassador BURNS. No, but we have certainly seen the kind of threats that have sometimes come out, threats to take action that would disrupt the flow of energy coming out of the Strait of Hormuz. And not only the United States but others have been equally emphatic.

Ms. JACKSON LEE. One quick question. Is there any manner in which we would consider nuclear civil uses for Iran? Would it have to be when they gave up or adhered to all resolutions imagined, would you consider that? Just a yes or no.

Ambassador BURNS. Yes. We have certainly made that clear, that we don't object to Iran's right to develop civilian nuclear programs for peaceful purposes. Part of what Mr. Solana proposed on behalf of the P5+1 was a pathway to do that. But we need the Iranians to meet their international obligations.

Ms. JACKSON LEE. Thank you very much.

Chairman BERMAN. The time of the gentlelady has expired.

And because Ambassador Burns has an even more onerous obligation coming up—he has to testify on the Senate side—I am going to restrict the questioning to the two members who have not yet had a chance to ask any questions, Mr. Tancredo and Mr. Poe.

Mr. Tancredo, 5 minutes.

Mr. TANCREDO. Thank you, Mr. Chairman.

Thank you, Mr. Ambassador, for your patience.

And there is an issue I am told has not come up yet, and in order to not be redundant I will focus on that. And because I was gone for part of this time, I don't know if other things have been dealt with.

But the issues of the MEK and the extent to which the State Department's position vis-à-vis the MEK might be influenced by the fact that they were just recently removed from the terrorist list in Great Britain as a result of an action that I think was taken by the court there.

I fully recognize that the history of this particular organization is what some might refer to as spotty, in terms of its relationship with the United States. But I think, in the past several years, it has proven to be a reliable source of information for us about some of the things that are happening in Iran. And it does seem to me that they can be helpful in our efforts to try and learn more about exactly what is going on there because, of course, their language, their culture, their understanding of their country.

I also understand and have been told that there is little support for the MEK within Iran, and that certainly may be true, but it is not relevant to my concerns about whether or not we can use them.

And I am saying that because I notice that the reaction almost every single time to any attempt to take them off of the terrorist watch list, the reaction by the mullahs is always dramatic, and they are very, very desirous of retaining the MEK on the terrorist watch list, which makes me wonder why, in a way, and why are they so afraid of it, why are they so upset by its presence and by the fact that we are providing the protection, essentially, at Camp Ashraf, which is, again, a kind of an oxymoronic position for us to

be in. On the one hand, they are on this list; on the other, we provide this protection.

So the fact that now a court in England has ruled that they should be taken off the list there, has that had any impact at all on the decision-making process within the State Department about the MEK? And would you consider the possibility of moving in that direction? As I say, if nothing else it will certainly get the attention of the people that run Iran.

Ambassador BURNS. Thank you, Congressman.

On the MEK, there is a mandated review process that we have begun in 2008, and that is a 5-year review that is required after the last redesignation of the MEK as a foreign terrorist organization in 2003. So we have begun that process. And since it is an ongoing process, I can't really offer a judgment right now about where it is going to go.

Our judgment with regard to FTOs is essentially an autonomous one, so it is not necessarily influenced by judgments that might be made elsewhere.

Mr. TANCREDO. I understand. Well, I do hope you will take that into consideration even if it is not in a formal way. And, as I say, recognize the fact that, in the past, it appears to me anyway, they had provided some valuable information, and that might be a source of other valuable information in terms of their understanding of the culture and the language. And it just seems like they could be of help to us.

And I have no other questions.

Chairman BERMAN. I thank the gentleman.

The gentleman from Texas, Mr. Poe.

Mr. POE. Thank you, Mr. Chairman.

Thank you, Mr. Ambassador, for being here. You have remarkable patience. And now you go to the Senate.

I have, really, four issues, and I will try to be brief.

We have heard a lot about Iran, and you have made a lot of comments, but what is the United States' plan? We always have contingency plans: If this happens, this happens; if that happens, this is going to occur.

All right, the plan is to, right now, more sanctions, more diplomatic involvement. But what is the plan if none of this works?

Ambassador BURNS. Well, Congressman, by the very nature of contingency plans of that sort, I can't really talk about those sorts of things in an open session except to re-emphasize—

Mr. POE. Well, is there a plan? Let me start with that.

Ambassador BURNS. Well, sure, it is part of our job throughout the U.S. Government to try to think ahead about different sorts of challenges. But that doesn't make us any less committed today to trying to exhaust every possible diplomatic means.

And I am absolutely convinced, as I said before, we haven't exhausted them and that there are a number of other steps that we can take which would maximize the chances that the Iranians are going to make what we view as the right choice, change course with regard to the nuclear issue, meet their international obligations, and open up what we think would be a much brighter future for the Iranians.

Mr. POE. Let me go to the next question. Regime change—what would you estimate is a possibility/not a possibility with the regime change by the Iranians themselves, the Iranian people, changing their government?

Ambassador BURNS. Well, first, I would say our policy, as I have said before, is focused on the behavior of the regime.

Second, what the Iranians do with regard to their own regime is a very difficult thing to predict. And I return to my earlier comment about humility and outsiders trying to evaluate Iranian politics. This is—

Mr. POE. Well, I am not really asking you to have the U.S. involvement in that. That is not my question. My question is: As an outsider observing what has taken place in Iran, is that a possibility, or is that not going to happen in the foreseeable future? That is really my question.

Ambassador BURNS. It seems to me, sir, that this Iranian regime has proved remarkably durable through all sorts of huge challenges—through the war with Iraq, through all kinds of other domestic challenges, natural disasters like earthquakes.

There clearly is a thirst on the part of lots and lots of Iranians for a more hopeful economic future, for more connection with the rest of the world. What impact that is going to have on the behavior of the regime or on the makeup of the leadership in the future, I honestly don't know. But I think those are realities that any Iranian leadership is going to have to come to grips with.

Mr. POE. Third question has to do with the involvement in Iran with Iraq, sending everything from small arms to rockets. When I was in Iraq over Easter weekend, there were five rockets that came into the Green Zone, and the Iraqi Security Forces said they were all Iranian rockets. I assume they were.

But what is our plan to deal with that specific issue, Iranian involvement in Iraq?

Ambassador BURNS. First, Iran's behavior, just as you described, in Iraq has continued to be dangerous and destabilizing. We pushed back against that behavior in a variety of ways. First, we talked directly to the Iranians about it in the talks that we have had periodically in Baghdad.

Second, we do everything we can to help strengthen the central government in Iraq. And it is interesting and important to note that the Iraqi central government and its security forces have taken some quite successful steps in recent months in Basra and elsewhere in Iraq against extremist militias backed by the Iranians. The Iraqi Prime Minister also visited Tehran recently and delivered what we understand to have been a very direct message about his concern about Iranian meddling and support for extremist militias in Iraq.

Third, we also try to encourage other Arab states to strengthen their support for the Iraqi central government. And I mentioned earlier several recent examples of steps that have been taken by Arab states to return their ambassadors, to forgive Iraqi debt. And I think that all contributes to a situation in which we can help limit and push back the kinds of destructive Iranian behavior that you described.

Mr. POE. Are they—in your opinion, are those types of involvement decreasing or still increasing or still about the same? In other words, is there any success to these activities on our part, diplomatic activities?

Ambassador BURNS. I have to get you a specific answer with regard to whether there has been an increase in IEDs or other kinds of weaponry provided by the Iranians, but in general their behavior remains a significant problem.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE WILLIAM J. BURNS TO  
QUESTION ASKED DURING THE HEARING BY THE HONORABLE TED POE

Our diplomatic efforts have contributed to a number of favorable developments in recent weeks involving Arab neighbors increasing their engagement with Iraq. In mid-June, King Abdullah of Jordan announced plans to visit Iraq and named a new ambassador. Bahrain and Kuwait were in discussions with Iraq about reopening their embassies and naming ambassadors. On the occasion of Iraqi Prime Minister Maliki's July 7, 2008 visit to Abu Dhabi, the United Arab Emirates named a new ambassador and announced that it will entirely cancel about \$7 billion in Saddam-era debt. Also in early-July, Oman sent a delegation to Baghdad to meet with Iraqi officials and businesses about new trade and investment.

Mr. POE. Thank you very much.

Thank you, Mr. Chairman.

Chairman BERMAN. Thank you.

The time of the gentleman has expired. All time has expired.

Thank you very much, Ambassador Burns. As has been mentioned, we are grateful for your patience and your effort to answer every question that you are allowed to answer. And thank you for being here. And I look forward to continuing to talk to you about what we can do to fashion an effective policy to achieve the goals that we share.

The hearing is adjourned.

[Whereupon, at 1:03 p.m., the committee was adjourned.]

## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

#### PREPARED STATEMENT OF THE HONORABLE GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Thank you, Mr. Chairman, for holding this hearing today and I would like to welcome Secretary Burns.

It has been three months since our last hearing on this issue.

At that time, we focused on U.N. Security Council Resolution 1803, what the ramifications might be, and how the United States should move forward.

Since then, Iran has agreed to join the U.S. and our international allies in exploring an overall strategy to resolving the Iranian nuclear issue using the June 2006 proposals as a basis.

On the surface, this looks like a step in the right direction.

However, Iran rejected these proposals before, and Iranian President Ahmadinejad continues to ramp up his rhetoric concerning Iran's nuclear ambitions.

It is also rumored that Iran has decided on a six week suspension of its nuclear enrichment program due to recent economic sanctions.

Again, you would never even entertain this idea if you've listened to Ahmadinejad in recent days.

Just this morning, we learned that Iran fired nine long and medium range missiles in an attempt to show that they could attack several long range countries if threatened.

Iran poses serious problems to stability in the region, and its overt ambitions to develop a nuclear weapons program are of major concern.

I firmly believe that we should work with our international allies and the U.N. Security Council to ensure that Iran's nuclear program is permanently shut down.

Secretary Burns, I look forward to your insight on this matter.

Do you think that there is any chance that Iran will comply with the carrot and stick approach this time when it has refused in previous times?

Is there something that the Congress could do to help this process along?

Finally, I hope, Mr. Secretary, that you will give us an update on Iran's dealings with Hezbollah.

It is important that we work with Lebanon to ensure stability.

Thank you again, Mr. Chairman, and I yield back.

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#### PREPARED STATEMENT OF THE HONORABLE RON KLEIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Thank you, Mr. Chairman, for holding this important hearing. US policy toward Iran is one of the most crucial issues that Congress is facing. Iran's menacing behavior throughout the region and even building relationships in our hemisphere is certainly cause for concern.

The House of Representatives has acted decisively to help prevent companies from investing in Iran's energy sector. The strategies of divestment and sanctions are two tools in our toolbox, but in order for them to work, they must be enforced.

Yesterday, the Associated Press reported that U.S. exports to Iran grew more than tenfold during the last eight years, since President Bush has been in office. A State Department spokesman responded to this report saying that while exports have increased, they are increasing to a segment of the population that we want to reach out to.

I take issue with this statement. First, how do we know who these exports are actually going to? Do we know that none of the people buying these products are

involved in Iran's energy sector in financing terrorism in the Middle East and around the world? Second, the business class in Iran is sophisticated, and we must be able to reach out to them. But, I question the efficacy of our sanctions when the people in Iran who can make a difference are not feeling the pinch. If we're going to have sanctions, both from the US and multilaterally, we must close the loopholes. With this in mind, I'm looking forward to hearing the thoughts of Ambassador Burns on this issue.

Thank you.

