

# IRAN: AN UPDATE

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## HEARING

BEFORE THE

### COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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MARCH 29, 2007  
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## CONTENTS

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	Page
Biden, Hon. Joseph R., Jr., U.S. Senator from Delaware, opening statement ...	1
Prepared statement .....	3
Burns, Hon. R. Nicholas, Under Secretary of State for Political Affairs, Department of State, Washington, DC .....	6
Prepared statement .....	10
Responses to questions submitted by Senator Casey .....	43
Lugar, Hon. Richard G., U.S. Senator from Indiana, opening statement .....	4



## IRAN: AN UPDATE

THURSDAY, MARCH 29, 2007

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:45 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Joseph R. Biden, Jr. (chairman of the committee) presiding.

Present: Senators Biden, Feingold, Obama, Cardin, Casey, Webb, Lugar, Hagel, Coleman, Corker, Voinovich, Murkowski, and Isakson.

### OPENING STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

The CHAIRMAN. Let me begin by explaining to our visitors that the reason why this hearing has begun so late is there were a series of unexpected votes on the floor of the U.S. Senate. And every time we came back over to begin the hearing, there were a series of procedural votes.

And I apologize to our distinguished witness, Secretary Burns, who is someone who is listened to with real interest and viewed with overwhelming respect by all members of this committee. He said he had time, and I pointed out I'd rather him be out negotiating than in here. I—and I appreciate his being here.

This testimony that Secretary Burns is about to give, and hopefully the exchange we'll have with him, comes at a very important moment. Tensions with Iran are rising. Its government refuses to release 15 British servicemembers it illegally detained last week. And in Iraq, the Iranians are accused of supplying deadly weapons to militias who have attacked our troops. We've arrested some Iranians in Iraq who we believe are part of that process.

The President has dispatched two aircraft carrier battle fleets to the Persian Gulf. And they are currently in the midst of extensive military exercises, as we see, and Americans see when they turn on their television sets. And President Ahmadinejad's incendiary threats to wipe Israel off the map, and his denial of the Holocaust, combined with Iran's nuclear ambitions, have led to a very legitimate concern, not only here, but in the region, around the world, of the intentions of the Iranian President.

Iran's perceived expansionism, including its support for Hezbollah and Hamas, has sparked deep fears, not merely in Israel, but across the Arab world. Iran and Saudi Arabia—Iran and the Sunni-Arab States are on opposite sides of a growing Sunni-Shia rift that extends from Lebanon through Iraq to the Gulf

States and into South Asia. One of the things we're going to be asking—I'm going to be asking the Secretary today is to help, sort of, quantify some of these things, give a sense of how close to the edge some of these concerns that I'm raising are. All of this contributes to a regional tinderbox that could, with the wrong move, ignite a physical conflict. And an otherwise minor incident has the potential to spiral out of control. I'm not suggesting that will happen, but I'm suggesting we should talk about it.

My dad used to have an expression, "The only war worse than one that's intended is one that wasn't intended." I'll alter it slightly, "If there's anything worse than a poorly planned intentional war, it's an unplanned unintentional war." So, we need very cool heads to prevail, and we have one of the coolest heads and best negotiators and most talented men in the State Department before us today.

My view is, I think we have to be patient, and we need some hardheaded diplomacy, not based on any naive assumptions, but just hardheaded diplomacy. And that is what you have pursued at the U.N. Security Council, Mr. Secretary. Last May, the administration—I would have characterized it as, "reversed course," but maybe that's not fair, and joined forces with our European allies. Since then, you personally have secured two unanimous U.N. Security Council resolutions, which have not been easy to do, sanctioning Iran for its defiance on its nuclear program. And although the critics say these have been modest, the point is, they have been modest, but incremental. You've kept the world onboard.

One of the discussions you and I had a long time ago was the—I think one of the objectives is to make sure that Iran is viewed as the world's problem, not us viewed as the problem. And keeping the world onboard has not been easy.

The sanctions, in my view, have highlighted Iran's international isolation, and I think they have helped reveal some severe cracks in Iran, in their political establishment. Ahmadinejad is no longer riding so high, in my observation. I'm going to ask you about that. He's increasingly constrained, as other power centers in his country criticize him for his diplomatic and economic failures. There is—I won't call it an "economic meltdown," but there is not an—it's not happy times in Iran right now. Your efforts, and the efforts of the administration and the President, have had some positive impacts on making it clear to the Iranian people and to the business community that there are prices to pay for irresponsibility. There are more open challenges of the regime. In recent weeks, Iranian women bravely took to the streets to challenge the government's discriminatory policy.

And, in short, Mr. Secretary, I support what you've been doing, and I applaud you for what you've accomplished thus far. But, Mr. Secretary, after all that has happened in Iraq, with everything that's happening here at home—with notable exceptions, the administration has—let me put it more diplomatically—has considerably less credibility and goodwill than it started with several years ago, or 5 years ago. Many people, here and abroad, are skeptical that the administration—whether it's actually made a fundamental break with its past policies, and that it's really focused on results, as opposed to ideology. I know you too well. I don't want to hurt

your reputation with the administration, but you're the furthest thing I know from an ideologue. You're an incredibly well-informed and tough-minded diplomat who seeks objectives, and is pretty good at achieving them.

So, I hope you can answer a couple of questions relating to the administration's strategy, going forward.

The first is: Is the administration's goal in Iran regime change or behavior change? Now, some would argue they're not inconsistent, but I would argue there is a distinctive difference between regime change and seeking behavior change. Your counterpart, in Korea, who's been given, it seems to me, a pretty wide berth, has made similar progress. But it seems to rest, in my view, on having moved off of the insistence on regime change and focusing more on behavioral change. No one likes this regime, but I hope we keep our eye on the first prize, as preventing Iran from developing nuclear weapons. And so, how can we tell Iran not to go nuclear, but then, in the next breath, say, "After you commit to not go nuclear, we're going to change your regime"?

So, the second question I'm going to—I'd like you talk about, as well, when it comes my turn, is—the pressure we're applying: Is it aimed at improving our position and weakening Iran in any future negotiations, or is it designed to prepare the battlefield for war? I realize that's always an option any President has to leave on the table, but these are central questions, which I know our constituents are being—are asking us and I'd like an opportunity to have you discuss.

I would ask unanimous consent, in the interest of time, the remainder of my statement be put in the record, and conclude by saying I have no doubt in my mind, Mr. Secretary, there are those in Iran who prefer confrontation to cooperation. But it seems to me it's pretty important for the Iranian people—beyond their government, the Iranian people—to understand that our hand is extended, that we're not the ones standing in the way of peaceful co-existence, and possibly even fruitful cooperation.

So, I compliment you for the—what you have accomplished thus far. I think the government in Tehran has a fundamental choice to make. As Iran's new year begins, I hope they begin to make the right choices with the proper prodding from you and our diplomatic corps.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM  
DELAWARE

Secretary Burns, welcome. Your testimony comes at an important moment. Tensions with Iran are rising. Its government refuses to release 15 British service members it illegally detained last week. In Iraq, its Quds Force is accused of supplying deadly weapons to militias who have attacked our troops; we've arrested some of its members.

The President has dispatched two aircraft carriers to the Persian Gulf. They are currently in the midst of extensive military exercises. President Ahmadinejad's incendiary threats to wipe Israel off the map, and his denial of the Holocaust, combined with Iran's nuclear program, have led to legitimate concern over his intentions.

Iran's perceived expansionism, including its support for Hezbollah and Hamas, has sparked deep fear across the Arab world. Iran and the Sunni Arab states are on opposite sides of a growing Sunni-Shia rift that extends from Lebanon, through

Iraq, the Gulf States, and into South Asia. All of this contributes to a regional tinderbox that could ignite with one wrong move.

An otherwise minor incident could quickly spiral into military confrontation. If there is anything worse than a poorly planned intentional war, it is an unplanned, unintentional war. We need cool heads to prevail. We need patient, hardheaded diplomacy.

That is what you have pursued at the U.N. Security Council. Last May, the administration reversed course and joined forces with our European allies.

Since then, you have secured two unanimous U.N. Security Council resolutions sanctioning Iran for its defiance on its nuclear program.

The sanctions are modest, but their effect has been disproportionate. They have highlighted Iran's international isolation and they have helped reveal cracks in Iran.

Ahmadinejad is no longer riding so high. He's increasingly constrained as other power centers in Iran criticize him for his diplomatic and economic failures. There are more open challenges to the regime. In recent weeks, Iranian women bravely took to the streets to challenge the government's discriminatory policies.

I support what you are doing and applaud what you've accomplished. But, Mr. Secretary, after all that has happened in Iraq, and with everything that is happening here at home, this administration has much less credibility and good will than when it started.

Many people are skeptical that the administration has made a fundamental break with its past policy, that it is really focused on results, not ideology. So I hope that you can answer authoritatively two questions about the administration's strategy going forward.

First, is the administration's goal in Iran regime change or behavior change?

No one likes this regime, but let's keep our eye on the first prize: Preventing Iran from developing nuclear weapons. How can we tell Iran not to go nuclear, but then in the next breath tell the regime our goal is to take it down?

Second, is the pressure we are applying aimed at improving our position and weakening Iran's in any future negotiations or is it designed to prepare the battlefield for war? These are the central questions I hope you will address directly in your testimony.

I believe we must continue to intensify pressure on Iran over its nuclear program with coordinated international sanctions that isolate Tehran, not the United States.

We should complement this pressure by presenting a detailed, positive vision for United States-Iran relations if Iran does the right thing. And we should engage Iran directly to exploit fissures within the government and between the government and the people.

But engagement is not an end in itself. It has to serve a larger purpose.

In my judgment, that purpose is to make clear the conditions under which the United States and Iran can have a more normal relationship and Iran can be integrated into the regional and international systems. We also must find more effective ways of getting our message to the Iranian people.

Some in Iran may prefer confrontation to cooperation. But it is important Iranians understand that our hand is extended. We are not the ones standing in the way of peaceful coexistence and even fruitful cooperation.

The government in Tehran has a fundamental choice to make. As Iran's new year begins, we all hope that it makes the right choice.

The CHAIRMAN. Senator Lugar.

**OPENING STATEMENT OF HON. RICHARD G. LUGAR,  
U.S. SENATOR FROM INDIANA**

Senator LUGAR. Well, thank you, Mr. Chairman.

I join you in welcoming Secretary Burns back to the committee. We appreciate his efforts on so many diplomatic fronts, and look forward to his testimony on the critical topic of American policy toward Iran.

In testimony before our committee last September, Secretary Burns outlined the administration's policy of supporting an international dialog with Iran while backing up their willingness—or backing up that willingness to negotiate with the prospect of U.N. sanctions. Six months have passed, and Iran's leaders have, thus far, rebuffed the international community's offer to negotiate an ac-



ceptable arrangement for their nuclear program. As a result—thanks, in part, to U.S. leadership—the U.N. Security Council has voted twice to impose sanctions, and may do so again, should Iran continue on the path of defiance. This multilateral approach to the problem, I believe, has directly bolstered United States efforts to encourage foreign governments and banks to curtail commercial benefits to Iran, thereby enhancing the impact of the United Nations sanctions. The task for American diplomats must be to sustain international will, and solidify an international consensus, in favor of a plan that presents the Iranian regime with a stark choice between the benefits of accepting a verifiable cessation of their nuclear program and the detriments of proceeding along their current course.

The United States has in place extensive unilateral economic sanctions against Iran, and some have suggested the Congress should pass legislation targeting additional unilateral sanctions against foreign companies that invest in Iran. I understand the impulse to take that step, but, given the evident priority that the Iranians assign to their nuclear program, I see little chance that such unilateral sanctions would have any effect on Iranian calculations. Such sanctions would, however, be a challenge to the very nations that we are trying to coalesce behind a more potent multilateral approach in Iran. We should not take steps that undermine our prospects for garnering international support for multilateral sanctions, which offer better prospects for achieving our objectives than unilateral measures.

Iran poses challenges to United States interests in the region, beyond the nuclear program. Iranian policies in Iraq, Lebanon, and in the Israeli-Palestinian arena threaten our interest in a stable Middle East. Iran's expansionist foreign policy and the bombastic rhetoric of its President have also fed concerns among its neighbors that it seeks to dominate the region and interfere in their internal affairs. As with the nuclear issue, an effective United States strategy for Iran should leverage the concerns of other governments, in pursuit of a united front toward objectionable Iranian policies. While enlisting the support of regional governments is critical, we should avoid any calls to exploit Shiite-Sunni tensions. The spread of sectarian conflict from Iraq to other parts of the Middle East is decidedly not in the interests of the United States or the people of the region.

As the United States pursues sanctions at the United Nations, it's important that we continue to explore potential diplomatic openings with Iran, either through our own efforts or those of our allies. Even if such efforts ultimately are not fruitful, they may reduce risks of miscalculation, improve our ability to interpret what is going on in Iran, and strengthen our efforts to enlist the support of key nations.

In this regard, the United States decisions to participate in the conference of Iraq's neighbors earlier this month was a welcome step forward. Secretary Rice's personal effort in pursuit of peace between Israel and the Palestinians also is a welcome development that could help diminish the appeal of extremism in the region, backed by Iran, who calls for confrontation with Israel. History has

demonstrated that progress on this difficult issue rarely is achieved without sustained and active U.S. diplomacy.

Therefore, it's a special pleasure, Secretary Burns, to have you with us today. We look forward to your insights and your progress report on these matters.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Secretary, we welcome you and are anxious to hear what you have to say. And take as much time as you want, but, as you know, your entire statement, if you choose not to read it all, will be placed in the record.

**STATEMENT OF HON. R. NICHOLAS BURNS, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC**

Ambassador BURNS. Mr. Chairman, thank you very much. It's a pleasure to be before you once again to discuss United States policy toward Iran, and to be with all of your colleagues. I did submit my testimony yesterday. I will not read it; I'll spare you that.

The CHAIRMAN. No, no, it's very—

Ambassador BURNS. But I thought, Mr. Chairman, with your permission, that what I'd do is just comment—make a few comments on what you and Senator Lugar have just said to get us started, and that by—that might also give you a sense of the basic thrust of our strategy on this priority issue of Iran.

I agree with both of you—and I've had a chance to talk to many of the members of this committee individually—that, next to Iraq, next to the challenge of success in Iraq, there's probably no other issue that's so important to American foreign policy and to our future than dealing successfully with the challenge posed by Iran. And we would see four interconnected challenges in the Middle East. The Middle East certainly is now the area of priority attention for our foreign policy; the way Europe was, in the last century.

Four challenges posed by Iran:

First, the obvious attempt by Iran to seek a nuclear weapons capability. Nobody doubts it. I have been the American liaison now for 2 years, with Russia and China and the Europeans, and no one has ever told me, from any of these governments, that they think there's a benign intention here on the part of the Government of Iran. Everyone's convinced that this supposedly peaceful nuclear research program is actually intended to produce a nuclear weapons capability.

Second is the problem that Iran and Syria and Hezbollah are trying now to unseat the democratically elected government of Prime Minister Siniora in Lebanon.

Third, Iran is the leading opponent of Israel in the region, the leading opponent of the attempts by the United States and others to establish a peace between Israel and the Palestinians.

And, fourth, as you know, the Iranians have not played a positive and useful role in Iraq. They have enormous influence there. Many of the current Shia leaders in the Iraqi Government took refuge in Iran during the Saddam years. They know the Iranians well. The Iranians could be arguing for a policy that would unite the various warring factions in Iraq, but they're not, they're actually taking

sides. And as the President said in the early part of January, we know that they're providing—the Iranians—sophisticated EFP technology, explosive technology, to Shia militant groups, and that those groups are using that technology to target and wound and kill American soldiers. So, the challenge posed by Iran goes right to the heart of our most vital interests in the Middle East. And so, we're right to focus on it, and this committee is, as well.

On the issue of Iran's nuclear ambitions, the policy of our Government is to deny Iran a nuclear weapons capability. And we are trying to exact multiple points of pressure on the Iranians in an effort to convince them that the preferred way to deal with this problem is not through confrontation, and certainly not—certainly not through a military conflict, but through diplomacy and through peaceful negotiations. And so, what we've tried to do over the last 2 years—and it was about 2 years ago, this month, that President Bush made the decision that, for the first time, we'd actually support the international negotiations with Iran on the nuclear issue; multiple points of pressure should be applied from different perspectives to convince the Iranians there's a cost to what they're doing; and that the cost is going to rise, and there'll be ever-increasing pressure if they refuse to go to the negotiating table. And you, Mr. Chairman and Senator Lugar, you've referred to the primary point of pressure. Iran is now one of 11 countries, of 192 in the U.N. General Assembly, subject to chapter 7 sanctions, and the United States has led, in December and again last Saturday, by 15 to 0 votes—very forceful, united votes—two increasingly tough sanctions resolutions against the Iranians. Iran is not like North Korea; it's not a country that can, or would like to, live in isolation. It wants to be integrated, economically and politically, with its neighbors in the Arab world and with Europe. And these sanctions will increasingly isolate and distance Iran from those profitable relationships. We think that's a good start.

Second, we have used—the Treasury Department has used our 311 authority in the Patriot Act to impose additional United States economic sanctions on Iran. So, you've seen Treasury sanction Bank Saderat and Bank Sepah. Bank Sepah is the fourth largest bank in Iran. It is the front company by which the Iranian Government funnels money to fund its ballistic-missile and WMD activities, so it's a very important set of sanctions that we've applied.

Third, Secretary Paulson and Secretary Rice have used their influence with corporate and financial leaders around the world to essentially give the message to European, Arab, and Asian bankers that Iran is not a good credit risk and that if Iran is going to be subject to international sanctions and national sanctions, companies and financial institutions ought to think twice about long-term investments. We've seen three major European banks in the last 8 months shut down all lending to Iran, and 20 others begin that process. And the Iranians are beginning to feel that pinch.

Fourth—and, Mr. Chairman, you referred to this—we do have two carrier battle groups in the gulf. They are not there to provoke any kind of conflict with Iran. We have had American naval forces in the gulf since 1949. But the message is, we have 170,000 troops in Iraq, we have obvious security interests throughout the gulf region; the gulf is not an Iranian lake, it is an international water-

way, and we will protect, as we have since the late 1940s, the right of companies and nations to use the gulf for international commerce and for it to be a peaceful region, not a violent region.

And, of course, Mr. Chairman—you referred to this, as well—we have pushed back against the Iran attempts to use the Quds Force, which is an arm of the Iranian Revolutionary Guard Corps Command, to funnel this explosive technologies to Shia militant groups in Iraq. The President said, back on January 10, that he has a fundamental responsibility to protect American men and women in Iraq—our soldiers—and he does. And so, we have detained several Iranian military and intelligence figures who were caught red-handed in this network, providing this technology to the Shia militant forces.

So, these combination of pressures that we've deployed, economic and political and diplomatic, and some military in Iraq, are all impinging upon the Iranians, they're increasing the pressure on the Iranians to do one thing: Not to lead the confrontation with us, but to lead to negotiations, because we're convinced that diplomacy is the way to proceed. We are most definitely on a diplomatic track, and we believe diplomacy can succeed, and we do not believe a conflict with Iran is inevitable.

For diplomacy to succeed, we're going to need to be patient, as well as persistent. I was intrigued, Mr. Chairman, to read the Washington Post lead editorial today, which said some nice things about the administration's efforts in Iran, and then said, "But they're not—they haven't yet been successful in convincing the Iranians to give up their nuclear weapons." I guess my answer to the Washington Post would be, "If you want to pursue or support a diplomatic path, you have to have the patience and perspective to allow diplomacy to play out." And we have some time to do that. There is no reason for us to choose a confrontational path now. We have time to pursue diplomacy, and President Bush and Secretary Rice have been doing that.

We also, I think, are trying to leave exit doors for the Iranians. And what I mean by that is, in any negotiation or prospective negotiation, you don't want to corner your negotiating partner and leave that country with no options.

And so, about a year ago, China and Russia and the Europeans and the United States got together, and we offered two choices to the Iranian Government. We said, "We want to negotiate with you." We offered them an economic and scientific and technological incentives package. We offered to help create a civil nuclear industry in Iran, without access to the fuel cycle. This was President Putin's idea. And we all supported this and said, "Please come and negotiate with us."

And, of course, the Iranians took about 4½ months to consider that offer, and they finally answered, and they said, "No; we're not going to negotiate."

And so, we said, "Well, if you're not going to negotiate, there's another path, and that path is that you're going to be increasingly isolated in the world, and pressured, and sanctioned."

And what's, I think, very powerful about this diplomatic coalition that we built over 2 years—it's not just the United States versus Iran, it's all of the European Union; it's China and Russia; it is

South Africa, one of the leading members of the Non-Aligned Movement; it's the largest Muslim country in the world, Indonesia—they voted, last week, to sanction Iran; it's Qatar, an Arab State on the gulf; India and Brazil have now enacted sanctions legislation against Iran because of their U.N. obligations.

So, I know that sometimes people get frustrated with multilateral diplomacy, but when you pull everything together, you have this very powerful multiplier effect of every big country in the world speaking, singing off the same sheet, saying, "The Iranians shouldn't develop nuclear weapons, and we're all going to act together to prevent that."

This last resolution, Mr. Chairman, was especially important. For the first time, we were able to say that Iran shall not be able to export or transfer or deliver arms to anyone. That includes Hezbollah, that includes Hamas, it includes Syria. We won that in the sanctions resolution voted upon successfully last Saturday. We have a specific sanction by the United Nations against Bank Sepah, the bank that I referred to. We have a specific sanction against the Iranian Revolutionary Guard Corps Command—this organization that, in the 1980s, sponsored the terrorist attacks against our Marines in Lebanon, in 1983; in 1996, against our housing facility at Dhahran, at Khobar Towers; and the organization that sponsors the Quds Force, which is the force trying to strike indirectly through Shia militants at our soldiers in Iraq. There are now international sanctions against the IRGC, and we led that fight.

And, finally, we opened up the door in the resolution toward further international effort to diminish export credits. This is important, because as recently as 2005, there were \$22 billion in export credits made available by European companies to their firms to do business with Iranian firms. And our message to the Europeans has been, "It can't be business-as-usual with Iran. Please reduce those export credits." And the resolution, just passed, encourages countries to do that.

So, we think this diplomatic path is a powerful one. We think it is beginning to show results. I would judge that—the last time I appeared, Mr. Chairman, before this committee, was in September 2006; at that time, the Iranians were riding high. They had just sponsored the Lebanon war against Israel, they were behind Hezbollah in that war; they instigated it. There was no apparent impediment to their nuclear progress. But if you fast-forward to today, they now have lots of impediments before them, and they have a wider international coalition against them.

So, we need to be successful in this diplomacy, we need to be tough-minded to push back against their attempts to use terrorism against our friends in the region. And, finally, Mr. Chairman, I'd—my last point—we need to engage with the Iranian people. It's been 27 years since the hostages were released. And, in those 27 years, we've produced the most unusual diplomatic relationship of any country in the world. We have no relationship with them, we have no embassy there, we have very few American businesses there, very few American journalists. There literally has been no contact between our countries. And so, while we are opposed to the Iranian regime, we ought to be open to increased contacts with the Iranian

people. And the irony here is that the public opinion polls in the Middle East consistently show—this is very ironic—that the Iranian people are among the most pro-American of all the people in the Middle East. So, Congress was good enough to give us, last year, \$75 million to expand our Persian-language VOA TV, to expand our Persian-language radio into Iran, to allow us to create Web sites that are keyed to each of the regions of Iran, and we can talk to people. And, more importantly, to bring Iranians here—we brought a group of medical professionals here in January. We're bringing, in the near future, a group of disaster-relations experts. And they'll go around to our cities and States and meet average Americans and build connections. And we sent the United States National Wrestling Team to Iran in January, because wrestling is the Iranian national sport. And our team was received with thunderous applause in the arena. They spent a week competing, making friends. One of our wrestlers actually won his weight class, which is also an added benefit. But we're convinced that, as we oppose the regime, we need to build up bridges to the people of Iran. And Congress has been good enough to enable us to do that. And I just wanted to advertise that we're asking for an additional \$108 million for all of these efforts in fiscal year 2008, and I hope that that will have some agreement here on Capitol Hill.

So, Mr. Chairman, I just wanted to respond to your basic points. And you have my testimony for the record, and I'm very pleased to answer whatever questions you may have.

[The prepared statement of Mr. Burns follows:]

PREPARED STATEMENT OF R. NICHOLAS BURNS, UNDER SECRETARY OF STATE FOR  
POLITICAL AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

#### INTRODUCTION

Thank you, Chairman Biden, Ranking Member Lugar, and distinguished members of the committee. I last appeared before this committee in September to discuss our strategy for addressing the challenges posed by Iran. At that time, Iran appeared to be riding high. The Iranian regime had spurned a historic offer to begin negotiations on its nuclear weapons ambitions with the United States and our P5 partners. Instead, it proceeded openly and in unimpeded fashion in pursuit of a nuclear weapons capability. It was escalating its efforts to fund Hezbollah and Hamas and sow discord in both Lebanon and Iraq. At home, the Iranian regime's disastrous economic policies and radical rhetoric went largely unchallenged, except by the brave efforts of a small number of dissidents and activists. Since that time, however, the United States—in concert with an ever-widening coalition of concerned states—has taken significant steps to check Iran's nuclear ambitions, contain its regional troublemaking, and intensify Tehran's isolation. We have coordinated a series of diplomatic initiatives with allies across the world to knock Iran off its stride, and I believe, put it on the defensive for the first time.

Just this past weekend, the United States led the Security Council in a 15-0 vote to condemn and sanction Iran for the second time in 3 months.

Despite the fulminations of President Ahmadinejad, Iran is not impervious to financial and diplomatic pressure. It is clear to us that concerted international pressure is helping to undercut the Iranian regime's sense of ascendancy, unnerve its overly confident leadership, and clarify to it the costs of its irresponsible behavior. Indeed, although the Iranian regime remains obstinate and we have not yet succeeded in either stopping, altogether, its nuclear research programs or blunting its support for terrorism, we are making progress. I believe that this active and focused diplomatic strategy is the best way forward for our country.

As you know, we face a complex, interconnected set of four crises in the Middle East: The need to achieve a stable and more peaceful Iraq; to strengthen the democratically elected government of Lebanon against Iran's, Syria's, and Hezbollah's attempt to unseat it; to block Iran's nuclear and regional ambitions; and to establish the foundations for peace between the Israeli and the Palestinian people. The Mid-

dle East is now the region of greatest importance for the United States worldwide, and our critical interests are engaged in all of these areas. But beyond our responsibility to help stabilize Iraq, nothing is more vital to the future of America's role in the Middle East than addressing the challenges posed by the radical regime in Iran, whose public face is the vitriolic President Mahmoud Ahmadinejad.

For nearly three decades, dealing with Tehran's confrontational ideology and strident anti-Americanism has been a persistent dilemma for our country. But never have the concerns regarding Iran's intentions been more serious, the intricacies of Iranian politics more significant, or the policy imperatives more urgent than they are today. Under President Ahmadinejad, Tehran has embarked on a dangerous course—repeatedly defying its obligations under international law and appalling the world with the most abhorrent, irresponsible rhetoric from a world leader in many years. Ahmadinejad has declared that Iran's nuclear program has “no brakes,” and the Iranian regime has brazenly disregarded demands from both the International Atomic Energy Agency and the United Nations Security Council for a full suspension of its enrichment-related and reprocessing activities. We have created a coalition of all the leading countries of the world who are concerned that Iran's so-called peaceful nuclear program is actually designed to produce a nuclear weapon.

Beyond its pursuit of nuclear weapons, Iran has endeavored to sow chaos and instability throughout the region, particularly in the precarious democracies of Iraq and Lebanon, where Iranian-funded militants seek to thwart the democratic will of the Iraqi and Lebanese people. And as the regime has escalated its longstanding and violent rejection of a Middle East peace settlement between the Israeli and the Palestinian people, its human rights record at home has once again taken a dismal turn.

In order to deal with the challenge that Iran poses, we have a policy of applying multiple points of pressure against the Iranian regime. First, we are working at the United Nations, bilaterally, to increase pressure on Iran to abandon its apparent quest for a nuclear weapons capability. As a result, there is now a major international coalition of countries asking Iran to abandon a nuclear weapons capability. This coalition includes all of Europe, Russia, China, India, Brazil, Egypt, and now Indonesia and South Africa. Second, we have applied U.S. financial sanctions on Iran's leading banks. Third, we have used our influence to convince leading European banks to stop all lending to Iran. We have convinced European governments and Japan to begin reducing export credits. Fourth, we continue our efforts to discourage the Iranian regime's support for terrorism and extremism, while expanding engagement with the Iranian people. Finally, we have stationed two carrier battle groups in the gulf to reassure our friends in the region that it remains an area of vital importance to us and we have taken steps to counter the destructive activities of Iran in Iraq itself. All of these points of pressure have had an impact on Iran, which is now essentially without friends on the nuclear issue.

Diplomacy is our best and preferred course of action in blocking and containing the Iranian regime. I do not believe a military confrontation with Iran is either desirable or inevitable. If we continue our skillful diplomatic course and have the patience to see it play out over the mid to long term, I am confident we can avoid conflict and see our strategy succeed. Our strong hope is that Iran will accept the offer to negotiate with the United States and our P5 partners so that we can achieve a peaceful end to Tehran's apparent nuclear weapons ambitions.

Any effective diplomatic strategy must provide one's adversary with exit doors when, as Iran has certainly done, it paints itself into a diplomatic corner. We have offered the regime a path for direct dialog, and with the passage of the new U.N. resolution we will reaffirm that this path remains open. We hope the Iranian regime will seek a constructive end to its isolation and choose to meet us at the negotiating table. Javier Solana has begun, on behalf of the P5 countries and Germany, an active effort to convince the Iranian Government to reconsider our negotiating offer.

We are responding to the challenge of a nuclear-armed Iran with a comprehensive strategy that relies on American diplomatic leadership and the creation over the last 2 years of a robust multilateral coalition. First and foremost, we have made clear to the Iranian regime that its provocative and destabilizing policies will entail painful costs, including financial hardship, diplomatic isolation, and long-term detriment to Iran's prestige and fundamental national interests. Second, and equally important, we have worked to alter the regime's actions and behavior and convince it that another, more constructive course is available to it.

We have seen both elements of this strategy play out over the past week at the United Nations Security Council (UNSC), where we joined our European partners—France, Germany, and the United Kingdom—as well as Russia and China in putting forward a robust new sanctions resolution that was adopted by the full Council on March 24. Iran must now face the fact that it is isolated nearly without friends in

the world. In last week's vote, the world's largest Muslim nation, Indonesia, one of the Non-Aligned Movement (NAM) leaders, South Africa, and an Arab neighbor, Qatar, all voted against it. This second chapter VII resolution in 3 months was a resounding repudiation of Iran's radical nuclear course. This resolution builds on the elements of Resolution 1737, which was a significant milestone following 2 full years of patient diplomacy among the United States, our European partners, Russia and China, and represented a crucial turning point in international willingness to pressure the Iranian regime to comply with its obligations.

In addition to reaffirming the requirements set out in UNSCR 1737, the new resolution is substantially stronger than the first in establishing new sanctions on the Iranian Revolutionary Guard Corps Command (IRGC), on Iran's fifth largest bank, Bank Sepah, and on introducing for the first time, measures to reduce countries' export credits made available to stimulate trade with Iran. The resolution establishes additional travel restrictions for Iranians involved in nuclear and ballistic missile programs; expands the number of individuals and organizations subject to travel restrictions and assets freeze; imposes a ban on Iranian arms exports (including to Hezbollah and Hamas); urges countries to limit transfers of some weapons to Iran; and encourages both states and international financial institutions to halt new financial assistance agreements and loans with the Iranian Government. All of these measures are carefully targeted to isolate the Iranian regime and make clear to it that it will face increasing costs for its continued defiance.

While we are acting vigorously to isolate the Iranian Government, we are also offering to it a diplomatic way forward by seeking engagement with Iran. Secretary Rice and her P5 Foreign Minister colleagues issued a statement just after the U.N. resolution passed last week reaffirming our strong desire to find a way to the negotiating table. Javier Solana has reached out to the Iranian Government on our behalf to attempt once again to convince Iran to join the talks. For this reason, Secretary Rice has agreed to join her P5+1 colleagues in direct discussions with Iran regarding the nuclear and other issues "at any place and at any time," provided Iran verifiably suspends its enrichment-related and reprocessing activities. This avenue continues to represent the best path for Iran to satisfy the international community's concerns about its nuclear program, and for Iran and the United States to move toward resolving our differences.

Iran must know that the world is united in our aim to deny it a nuclear weapon. Our coalition is diverse and robust, and it has only grown stronger as Iran's defiance has persisted. Leading states across the globe—including India, Egypt, and Brazil—supported this effort at the International Atomic Energy Agency. The Governments of Russia, China, Japan, and our many European allies are committed to our joint effort to thwart Iran from crossing the nuclear threshold. The Iranian Government finds itself in profound isolation on the nuclear issue.

Outside of the Security Council, we have worked cooperatively with major governments to curtail business transactions tied to Iran's nuclear activities and support for terrorism. Under the International Emergency Economic Powers Act (IEEPA), we have sanctioned Iran's Bank Sepah and cut off Iranian state-owned Bank Saderat from all access to the U.S. financial system. As my colleague, Treasury Under Secretary Stuart Levey and I discussed with the Senate Banking Committee last week, these steps have had a snowball effect, as banks and businesses worldwide are recognizing the serious risk associated with Iran and are beginning to scale back their Iran activities. In 2006, several leading European banks reduced lending to Iran. I expect international financial institutions will make this same choice now that we have passed a second chapter VII resolution.

We have also acted to blunt Iran's regional ambitions. In Iraq, Iran continues to provide lethal support to select groups of Shia militants who target and kill U.S. and coalition troops, as well as innocent Iraqis. We have made clear to Tehran that this is absolutely unacceptable, and our troops on the ground in Iraq are acting to disrupt Iran's networks in Iraq that provide deadly weapons to Iraqi groups. These actions are consistent with the mandate granted to the Multi-National Forces in Iraq by both the United Nations Security Council and the Iraqi Government to take all necessary measures to contribute to the maintenance of Iraq's security and stability. We have an absolute and indisputable obligation to defend our soldiers from such attacks.

At the same time, we are supporting the Iraqi Government's efforts to solicit international support for stabilizing Iraq. To this end, the United States joined representatives of Iraq's neighbors and the P5 in Baghdad on March 10 as part of an Iraqi-led effort to discuss strategies to end bloodshed and sectarianism. We hope Iran will commit itself to a constructive and positive role in Iraq as a result of those discussions, and along with other neighbors it will work for peace and stability in



the region. We expect these discussions with all of Iraq's neighbors and other concerned countries to resume in the near future.

We are also working with France, Saudi Arabia, Egypt, Jordan, and others to signal our strong support for Prime Minister Siniora's democratically elected government in Lebanon, to enforce the arms embargo imposed by Security Council Resolution 1701, and to prevent Iran and Syria from rearming Hezbollah. We have stationed two carrier battle groups in the gulf, not to provoke Iran, but to reassure our friends in the region that it remains an area of vital importance to us. And at the regional level, Secretary Rice, last autumn, launched a series of ongoing discussions with our Gulf Cooperation Council partners, as well as Egypt and Jordan, regarding issues of shared concern, including most especially the threat posed by Iran.

Combined with our long-term efforts to promote peace and stability in the region and reassure allies, including Israel, these steps mark the natural evolution of our efforts to demonstrate international resolve against Iran's disregard for international law and its aspirations to dominate the region. And they have all had an impact. Iran is now more isolated and under more intense international scrutiny than ever before.

Part of charting a new course for United States-Iranian relations is intensifying our engagement with the Iranian people. While it is now not feasible for us to have formal diplomatic relations with Iran, it is within our grasp to bridge the divide between our peoples. So in addition to our diplomatic efforts to persuade Tehran to alter its foreign policy, we have launched a program to increase contacts between the American and Iranian peoples. We sent the U.S. National Wrestling Team to compete in Iran in January; we are also bringing hundreds of Iranians on exchange programs to the United States. These efforts have been helped tremendously by congressional support for the administration's 2006 supplemental funding request. In the long term, assuaging the separation between our peoples is critical to overcoming the nearly 30-years estrangement that currently divides the United States from Iran.

Our diplomatic success vis-a-vis Tehran, and the endurance and vitality of our international coalition, are no small achievements. They reflect the leadership of President Bush and the sustained efforts of Secretary Rice, the State Department, and contributions from other government agencies. As the President and Secretary Rice have reiterated and I cannot emphasize this enough—we seek a diplomatic solution to the challenges posed by Iran.

Today, I would like to provide some details on the additional steps we are pursuing, at the United Nations and bilaterally, to increase pressure on Iran to abandon its quest for a nuclear weapons capability. I will also touch briefly on our continued efforts to discourage the Iranian regime's support for terrorism and extremism, while expanding engagement with the Iranian people.

#### IRANIAN NUCLEAR PROLIFERATION

The greatest immediate threat posed by the Iranian regime is its pursuit of a nuclear weapons capability. For some 18 years, Iranian leaders pursued a clandestine enrichment program and other undeclared nuclear activities in violation of their international obligations. It is this continued abuse of the world's trust that is at the heart of the international community's impasse with Iran.

The United States and the entire permanent membership of the U.N. Security Council recognize Iran's right to peaceful, civil nuclear energy under relevant articles of the Nuclear Non-Proliferation Treaty (NPT). However, that right comes with responsibilities, paramount among them a legal obligation to forgo the pursuit of nuclear weapons and to subject all nuclear activities to International Atomic Energy Agency (IAEA) monitoring. As IAEA Director General ElBaradei's most recent report to the Security Council makes clear, the Iranian regime remains in noncompliance with its international obligations and has been anything but transparent. Despite multiple requests over more than 3 years, the regime has yet to clarify several outstanding issues and the IAEA is unable to verify that Iran's program is solely peaceful.

A review of Dr. ElBaradei's report is instructive and alarming. Iran has repeatedly failed not only to meet the IAEA's requirements; it has also failed to even have the courtesy of responding to many of the IAEA's direct questions on behalf of a concerned international community.

The regime has refused to enable the IAEA to clarify the past history of its P1/P2 centrifuge work, plutonium separation experiments, and uranium contamination. It has refused to agree to IAEA requests for access to Iranian officials and documentation, including a 15-page document that describes the procedures for casting and machining uranium into hemispheres, for which the only plausible purpose is

manufacturing nuclear weapons. And it has refused to accept and implement the safeguards measures that the IAEA believes are necessary to ensure nondiversion of enriched uranium at the Natanz enrichment plant.

The Iranian regime has, of course, had sufficient time to clarify questions regarding its nuclear activities. Since 2003, the IAEA Board of Governors has called on Iran to meet its obligations under the Nuclear Nonproliferation Treaty. The U.N. Security Council called on Iran several times—both in March 2006 and again in July 2006—to suspend all enrichment-related and reprocessing activities and to cooperate with the IAEA’s ongoing inspections. Iran, however, ignored these requests as well as the generous P5+1 incentives package offered last June. Faced with the Iranian regime’s blatant disregard for its international nuclear obligations, the U.N. Security Council had no choice but to unanimously adopt Resolution 1737 on December 23, 2006, and 1747 on March 24, 2007. If Iran does not comply with U.N. Resolution 1747 by May 24, it will be subject to even stronger sanctions in a third resolution. And in the face of Iran’s continued defiance, we expect that the Council will continue to incrementally increase pressure on Iran.

While President Ahmadinejad continues to scorn the Security Council’s efforts and declare its resolutions “torn pieces of paper,” we have observed that the international community is increasingly determined to prevent Iran from obtaining a nuclear weapons capability. We see evidence of this in our unprecedented cooperation with our European partners at the UNSC—cooperation one country recently described as “the best in more than a decade.” We see evidence of this in Russia’s decision to suspend cooperation on the Bushehr reactor until Iran complies with its international obligations. And we see evidence of this in the international community’s concerted efforts to implement these two chapter VII sanctions resolutions and cooperate on other financial measures outside of the UNSC framework.

#### FINANCIAL PRESSURES

Over the past several months, Treasury Department Under Secretary Stuart Levey and I have engaged with foreign governments and private firms, reminding them of the financial and reputational risks of doing business with Iran. Iran is one of the largest beneficiaries of official export credits and guarantees, with \$22.3 billion in exposure reported by OECD countries as of the end of 2005. Noting that a number of major international banks have now reduced their business with Iran, we are also encouraging governments in Europe and Asia to reduce the official export credits they provide to Iran. Governments should not take on the financial risk that private companies are facing in that country. Europe should now repudiate a business as usual approach with Iran. Many countries share our concerns and are starting to decrease their official lending. Some countries have capped their exposure at current levels, while others have begun scrutinizing Iranian credit applications to ensure they comply with the strict, nonproliferation guidelines contained in Resolution 1737. France, Germany, and Japan have reduced export credits limits sharply for Iran, while others have committed privately to doing the same, and especially, reducing the medium- and long-term credits that Iran uses for capital goods and project finance.

Under domestic legal authorities, we have designated Iranian entities associated with Iran’s weapons of mass destruction and missile programs, effectively denying them access to the U.S. financial system. Termination of Iran-based Bank Sepah and Bank Saderat’s ability to conduct transactions in dollars has further limited that access and we are asking other nations to follow our lead.

We also worked last year with Congress on the reauthorization and amendment of the Iran and Libya Sanctions Act (ILSA) which, thanks to the success of our diplomatic and economic efforts with respect to Libya, is now simply the Iran Sanctions Act (ISA). ISA has been valuable in emphasizing to foreign government our concerns about Iran and highlighting the risks of investing there. Indeed, we attribute the continued lack of investment in Iran’s oil and gas sectors, in part, to ISA. We could not support, however, modifications to this act now being circulated in Congress that would turn the full weight of sanctions not against Iran but against our allies that are instrumental in our coalition against Iran.

We will continue to engage relevant companies and countries regarding their potential investment in Iran’s oil and gas sector. In making clear our opposition to such deals, we have emphasized how they would undermine international efforts to resolve the nuclear issue, as well as the legal implications of future investment under our law. Most of these deals remain in the negotiation stage. Our discussions are intended to diminish the likelihood of seeing them finalized. More broadly, Iran continues to encounter great difficulties in attracting foreign investment to its hydrocarbon sector and few foreign companies have committed to developing Iranian

oil and gas fields. Iran's own behavior and policies have contributed to this situation, but ISA has also helped.

The net effect of these efforts, along with those at the United Nations, has been to make it more difficult for the Iranian regime to fund its illegal nuclear efforts.

#### CURBING IRAN'S DESTABILIZING ACTIONS ABROAD

Looking beyond its nuclear aspirations, the Iranian regime's aggressive foreign policy and hegemonic aspirations constitute an increasing threat to regional security and U.S. interests.

I noted in my opening remarks our serious concerns regarding Iran's lethal support to Iraqi militants, and the steps we are taking to counter these destructive activities in Iraq. But Iranian interference is also evident in Lebanon, where its efforts to rearm and financially bolster Hezbollah threaten to set back the democratic progress of the past 2 years. President Ahmadinejad's repeated threats to "wipe Israel off the map," and the regime's internationally condemned Holocaust denial conference in December, highlight regime hostility toward a major U.S. partner and a United Nations member-state, as does continued Iranian financial and military support to Palestinian terrorist groups such as Hamas and Palestinian Islamic Jihad.

As Secretary Rice noted during recent testimony to the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs, we are intensifying our efforts to lay the foundation for a Palestinian state that can exist peacefully alongside Israel. We have also enhanced our support to Lebanon's democratically elected government, and will sustain our efforts to enforce all applicable U.N. Security Council resolutions pertaining to the rearmament of Hezbollah. Secretary Rice's trip to the Middle East this week sought to achieve these important objectives.

More broadly, we are enhancing our security cooperation with longstanding partners throughout the region. The deployment of a second aircraft carrier battle group to the gulf reinforces these efforts, reassures our allies, and underscores to Tehran our commitment to protect our vital interests.

#### BLOCKING IRAN'S SUPPORT FOR TERRORISM

No discussion of Iran would be complete without mentioning the regime's long and established record of supporting terrorism.

Tehran has long been the world's leading state sponsor of terrorism; the regime sponsored and was responsible for the deaths of hundreds of Americans in the 1980s and 1990s. Through its efforts to rearm Hezbollah, the Iranian regime has violated its obligations under UNSCR 1701 and it has violated UNSCR 1267 and successor resolutions by failing to impose sanctions on al-Qaeda and continues to refuse to bring to justice or confirm the whereabouts of senior al-Qaeda members it detained in 2003.

Recognizing Iran's role as the central banker of global terrorism, the Departments of State and the Treasury have enlisted foreign support in efforts to deny suspect Iranian individuals and entities access to the international financial system. The termination of Iranian Bank Saderat's "U-turn" authorization effectively prohibits one of Iran's largest banks from conducting business in U.S. dollars.

Utilizing E.O. 13224, Treasury has also designated two entities (Bayt al-Mal and the Yousser Company for Finance and Investment) that have functioned as Hezbollah's unofficial treasury by holding and investing the group's assets and serving as intermediaries between the terrorist organization and international banks. Additionally, we have disrupted Hezbollah's financial support network by designating and blocking the assets of individuals and two entities affiliated with Hezbollah in the Tri-Border region of South America.

#### EMPOWERING IRANIAN CIVIL SOCIETY

Before I conclude, I would like to discuss briefly the Iranian regime's repressive treatment of its own people. The regime recently celebrated the anniversary of the 1979 Revolution. But the history of the past 28 years has been a betrayal of the aspirations of the Iranian people.

The regime's record of human rights abuse remains among the worst in the world. As our recently released annual Human Rights Report emphasizes, this record has worsened over the past year. The regime denies its people freedom of expression by cracking down on journalists and bloggers, closing independent newspapers, censoring Internet use and blocking satellite dish ownership—all in an effort to control its citizens' access to information. These actions prompt a basic question: Why is this regime so afraid of its own people?

We believe the Iranian people deserve better from their leaders. To counter the regime's abuses, we are promoting greater freedom in Iran by funding a variety of civil society programs.

As a result of the generous \$66.1 million in funding from Congress in the FY06 supplemental, we have implemented a wide range of democracy, educational, and cultural programs, as well as significantly expanded our efforts to improve the free flow of information to the Iranian people. Twenty million dollars of these funds are going to support civil society, human rights, democratic reform and related outreach, while \$5 million was given to the Bureau of International Information Programs (IIP) for increased Persian language electronic and speaker programming about American society, institutions, policy and values. An additional \$5 million was allocated to the Bureau of Education and Cultural Affairs (ECA) for new cultural and educational exchange programs to increase mutual understanding between our two peoples. The Congress allocated the remaining \$36.1 million of FY 2006 supplemental Iran funds directly to the Broadcasting Board of Governors (BBG) for media programming into Iran, including our VOA Farsi television service and Radio Farda.

Our programs are open to all who are committed to peaceful, democratic progress in Iran. Their goal is to support different parts of Iranian society by promoting basic human rights and religious freedoms; building civil society; improving justice, accessibility, and the rule of law; and promoting a deeper understanding of our culture, values, and ideas.

Given Iran's restricted political climate, progress toward our goals has been predictably difficult. But we are moving forward, and many brave men and women are helping promote basic civil rights and the necessity of political dialog. In the long term, we hope that a more open political climate that encourages, rather than represses, dialog, will stimulate a change in the behavior of the Iranian Government.

#### ENGAGING THE IRANIAN PEOPLE

State Department officials are also reaching out to the Iranian people to convey our policies. Secretary Rice and I have given interviews on Persian language media highlighting the Iranian people's aspirations for increased respect for human rights and civil liberties, as well as a more democratic, open government.

With the recently appropriated funds, the United States has resumed official educational and cultural exchange programs between the United States and Iran, which the U.S. Government suspended at the time of the Iranian Revolution in 1979. In late 2006, a group of medical professionals were the first Iranians to visit the United States as part of this reinvigorated effort. Their nonpolitical visit brought them in contact with medical professionals from the Centers for Disease Control, Harvard Medical School, and other major medical institutions. Several professional, athletic, and cultural exchanges are planned for 2007, with the goal of building greater understanding between the people of the United States and of Iran. Additionally, we are encouraging American athletes, artists, religious leaders, and others to visit Iran, as well, to help promote greater mutual understanding. It is our hope that increased exchanges will provide the Iranian people with a clearer and more accurate understanding of American society, culture, and democratic values.

For FY 2008, the President has requested over \$100 million in Iran funding, including roughly \$20 million for VOA's Persian service and \$8.1 million for Radio Farda, as well as \$5.5 for consular affairs, and \$75 million in economic support funds to civil society and human rights projects in Iran. We appreciate the committee's continued support of efforts in these areas which are a vital component of our comprehensive Iran strategy.

#### CONCLUSION

The United States is committed to pursuing a diplomatic solution to the challenges posed by Iran and we are making every effort to improve United States-Iranian relations. But that cannot happen without a change in the Iranian regime's actions and policies.

Secretary Rice offered the Iranian Government an extraordinary opportunity, in June 2006, when she pledged to engage in direct talks alongside Russia, China, and our European partners if Iran verifiably suspends enrichment and cooperates with the IAEA. This offer remains on the table, and we will continue to make clear to the Iranian regime that the best way to ensure its security is by complying with, not ignoring its international nuclear obligations and by seeking peace through negotiations with the United States and our partners. As the President has stated, we look forward to the day when the Iranian people live in freedom and America and Iran can be good friends and close partners in the cause of peace.

The CHAIRMAN. Well, thank you very much, Mr. Secretary. You've just, in a very short time, made the case, in my view, why I think you're one of our superior diplomats.

I don't think I'm misrepresenting, I think you've expressed a view that has been shared by at least the senior members of this committee for some time, and I say it's about time. And I would say, to those who suggest that you haven't, "accomplished it yet," that—dealing with their nuclear program—that this is a process, and it's the only rational process.

Let me—and I just—we should start the clock. I'm sorry, Bertie, thank you. We'll do 7 minutes, if we can, each round here.

And let me get right to it. We had a very brief discussion, Mr. Secretary, in the anteroom, before you came in. And if every American, in my view, could hear what you just said—there is such a logic to it, I suspect you—we would dampen down concerns about the motives of the administration and their—it's not a secret to suggest, some question the motives—what the intention is, whether this is a prelude to another circumstance similar to Iran. You've laid out, clearly, a strategy which, at least—speak for myself—I fully embrace.

One of the—a key phrase you used, I think, is the phrase that I'd like you to elaborate on, off of which everything else pivots, and that is, you said, "We have some time." If you listen to some quarters within the administration, as well as here in the Congress, as well as in the think-tank community, as well as from some of our friends abroad, is—the argument is, "We have no time. We have no time, as it deals with the nuclear program. And, as a consequence, we have no time to focus on anything else, because that's the—that is the 800-pound gorilla, that is the gigantic issue, that is the ultimate objective of the Iranians to pursue it, and us to stop it." And one of my—one of the things—and I think, in a sense, maybe we're a little responsible for this not being clear—is that—I don't think the American public, nor the majority of our colleagues, have a really, sort of, unvarnished, clear-eyed view of Iranian capability and Iranians' present circumstance. Everyone's sort of still in the mode that they are riding high, that they are 10 feet tall, that they're on the verge of being able to mount a nuclear warhead on top of a missile, that they have an economic—they're an economic juggernaut, that all of their oil puts them in a position where they are impervious to sanctions, that—and the list goes on and on and on, when the reality is, when I say to constituents, "You know, look, the Iranians import most of their refined oil," they look, and they go, "Huh? I didn't know that." If you listen to what's going on out there, these guys are this gigantic juggernaut that the only thing that can stop them is physical power.

And so, without going into all those areas, and before my time expires, I'd like to ask you to speak to two things, Nick, if you would. There is, again, in—I think, a sense among many of our colleagues in both houses, in both parties, as well as the public at large, that the Iranian President is in total control of the Iranian Government, that he controls all the security apparatus, that he calls all the shots; and he is obviously someone who is viewed by a lot of people as not being particularly stable. His denials of the Holocaust, his talks about wiping Israel off the map, his absolute

insistence about the way he's going to proceed with nuclear capability, I think, feeds a sense that we don't have time. And when people think we don't have time, then they say, "Well, there's not much time for diplomacy." So, I think these are connected. Would you speak a little bit for the record about the relative power and position, as best we know it, of the Iranian President versus the Supreme Leader versus political opposition that exists within Iran?

And the last point I'll make is, the most important point I think you made today is the way we're viewed by the Iranian people. My greatest criticism of the administration is, we basically pushed the mute button when it came to discussions. Now, you've pointed out you're going to be looking for—\$180 million, I think your number was?

Ambassador BURNS. \$108—one-zero——

The CHAIRMAN. \$108.

Ambassador BURNS. Yeah.

The CHAIRMAN. I think—you will have no trouble with this chairman, and I think you'll have no trouble with this committee, getting that, and possibly more, which, if you fold into my question about Ahmadinejad—Why is it, if you're reaching out—why does the administration continue to oppose our proposal to expand American NGOs, exempt them from sanctions, that without—with those sanctions in place, it makes it very difficult, if not impossible, for them to be engaged in supporting democratic movements and human rights activities within Iran. Are they inconsistent? Is it inconsistent to propose, as I have, that the NGOs be able to engage in Iran and engage the human rights community, engage the democratic movement within Iran, and what you're calling for?

So, I—with—I'll yield the floor, with a minute or so left here, and ask you to respond, if you would, generally, to those two points.

Ambassador BURNS. Thank you, Mr. Chairman, I'd be happy to.

On the subject—maybe I'll just reverse them, if I could, and just start with Ahmadinejad. He's an odious figure. If you try to trace, you know, history over the last 40 to 50 years, and find a world leader who calls for the destruction of another country, who denies that the Holocaust existed, whose whole foreign policy seems to be negatively oriented, you can find few people like Ahmadinejad. We take him seriously. We have to take him seriously. He's the President of Iran. And so, we follow what he says, and we try to oppose, as best we can, what he does.

But it's also true that Iran, as you suggest, Mr. Chairman, it not a monolithic political entity. In fact, it's a cacophonous sea of disputation right now between various power centers. And what's remarkable about the politics of Iran over the last half year is how much infighting there is on this issue of a nuclear posture of Iran. The Supreme Leader, Ali Khamenei, whom almost everyone believes is the most powerful person in the country, the newspaper associated with him was very critical of Ahmadinejad about a month ago, publicly, and for his stewardship, or lack thereof, of the nuclear issue, and for the fact that Iran had become so isolated because of its uncompromising nuclear weapons ambitions. So, Ahmadinejad is a powerful figure, but the Supreme Leader Ali Khamenei, Ali Akbar Rafsanjani, the former President, there are many others who can balance his power. And our handicap is, we

don't have an embassy there, we don't have a lot of—as much expertise in our own government on Iran as we would like, because, for a generation, we haven't been able to send anyone to that country. But we're rapidly building up our capacity to understand Iran, and I think what I've just told you is—probably reflects most international opinion about Ahmadinejad. We take him seriously, but he also is now under some strain within the Iranian system, as well, for these nuclear policies and also for his disastrous economic policies that have been very injurious to the Iranian people.

I think your—I just wanted to address your point about NGOs. We very much want American NGOs to be able to work inside Iran. Here's the problem. And you've—Congress has given us money to try to promote civil society in Iran. If we—if an American NGO tries to have a direct relationship—or the American Government—with an Iranian NGO or a democracy activist, those people will be harmed by that association. And so, what we have done with the money that Congress has given us—and we've issued reports to you to let you know how we think we've done—is try to support international efforts, multilateral efforts, sometimes European and Arab efforts, because those organizations would work—can work with a greater degree of flexibility, and, sometimes, credibility, inside Iran itself. So—

The CHAIRMAN. Nick, are American-based NGOs able to work with NGOs based in other countries as, not the front, but participating in efforts to promote human rights and democracy and other laudable efforts within Iran, or are they permitted, as you read the law now—prohibited from being able to do that?

Ambassador BURNS. There have been some legal prohibitions, under OFAC, the Office of Foreign Asset Controls, and others, that we have built up through the unilateral sanctions that we have deployed over the last 27 years, that Senator Lugar referred to. There have been some prohibitions. But since we agreed with the Congress, about a year and a half ago, that we would try to help stimulate civil society, we've been able to give some exceptions to that. And we are quite willing to do that, and quite flexible. But the—I think it's more of a political barrier right now, inside Iran itself, than anything else.

The CHAIRMAN. Well, I would hope we could work out an arrangement whereby we would reduce the legal barrier, to the extent that it requires a signoff. But if—anyway, my time is up. I appreciate your answer. And I yield to my colleague.

Senator LUGAR. Thank you very much, Mr. Chairman.

Secretary Burns, in the past 2 weeks, Iran has taken the action, which you described, of arresting the United Kingdom sailors. And the Russian Government has indicated that nuclear fuel will not be available for Bushehr. Characterize, if you can, these developments as to how they are helpful, in terms of your diplomatic track. By this, I mean, in the past, the criticism would be that unilaterally the United States was attempting to sanction Iran, that we did not cooperate, until a couple of years ago, with European allies who had been visiting with the Iranians. But, nevertheless, we determined that it would be in our best interest, and in theirs, to move on this multilateral front. And now, in the United Nations, the successes you've reported are apparent. It's curious to me why the Ira-

nians would deliberately provoke another country, other than the United States. And, furthermore, what have they done to provoke the Russians to the point that they are unwilling to send the fuel?

Ambassador BURNS. Senator Lugar, thank you very much.

On the first issue, I think there's been universal condemnation of the Iranian Government for having taken prisoner the U.K. personnel—the 15 people—14 men and 1 female—a couple of days ago. I was at NATO at the earlier part of this week, and all the NATO countries agreed to be supportive of the United Kingdom. I believe you'll see that also occur at the U.N. Security Council today. So, we hope—obviously, all of us hope—that Iran will make the right decision and release these people, because they're entirely innocent, and they were operating under U.N.—United Nations authority as part of the multinational coalition. And they were clearly inside Iraqi waters.

The Russian example, I think, is very instructive of what's been happening around the world. About a year or two ago, there weren't many countries around the world that felt that they were in a coalition trying to limit the Iranian Government. In fact, I think there was widespread indifference to the fact that Iran was making this buildup toward nuclear weapons, with the exception of the European countries. But you've seen this rapid development now of a major international coalition. The only countries that I can find that are actually speaking up on behalf of Iran—so the friends of Iran would be Syria and Belarus and Sudan and Venezuela and Cuba; the gang of five. And that's a pretty notorious group of countries. Everyone else, including all that I mentioned in my opening remarks, including some of the nonaligned leaders—India, Brazil, Egypt, Argentina, South Africa, Indonesia—are now all on record supporting sanctions against Iran—tough sanctions. And I think it's because the Iranians have essentially miscalculated. They've not given anyone hope that they're going to negotiate, listen to the—Dr. ElBaradei, the chairman of the International Atomic Energy Agency, or the U.N. Security Council, and they seem just to be going full bore toward a nuclear weapons capability. And the world doesn't want that. And I think you put your finger on it, the most instructive has been what Russia has done. Russia has delayed delivery of fuel to Bushehr. Russia has clearly indicated, publicly in the last few weeks, its frustration with Iran.

And we worked very well with Russia over the 4 weeks in the lead-up to last Saturday's vote for the chapter 7 sanctions resolution. In fact, we went to Russia first. Secretary Rice had a conversation with Minister Lavrov, and then she asked me to go and meet the Russian Government in London, which I did, and we drafted this resolution with them. So, Russia is fully part of this effort to sanction Iran and to squeeze Iran and to show Iran that there are consequences for not being willing to negotiate.

Senator LUGAR. Well, I think it's a very important development, and it offers, perhaps, another opportunity for our diplomacy with Russia. The Russians have shared our views about nonproliferation and the dangers of nuclear power in the hands of others, and, for a period of time, as a business transaction, were prepared to help with the Bushehr situation, and may do so again at some point. But it seems to me that one of the productive features of your di-



plomacy may be a new opportunity for an avenue of discussion with the Russians about not only Iran, but other situations that may arise and that are often threatened. You know, the thought is often that if somehow Iran continues to develop nuclear weapons, so will a host of other countries in that region, it not elsewhere. And a view of Russia and the United States, plus our allies in the United Kingdom and others coming together on those issues may speak to the criticism you mentioned, in the Washington Post this morning. They applaud diplomacy, but, nevertheless, they would like to have seen, by this time, Iran abdicate its program, an unrealistic view, I think. But I applaud the innovations in diplomacy that we are employing, and, likewise, our work with persons that we might not have anticipated would be helpful at this point.

Now, let me just follow up on the chairman's question a little bit. Clearly, it is a big break from 2 years ago, in which we simply did not have much to say to Iran, one way or the other. And, as you say, really for a generation. Now, how can we come to a—really, a full-court press by the State Department or by our Government, in which we think of all sorts of ways to promote exchanges between Americans and Iranians. Your answer may well be, "Well, the Iranians just simply won't tolerate this. They won't offer visas, they won't let these people in the country," and what have you. Maybe so, maybe not. I think there is certainly evidence that, as Americans who have been innovative, attempting to get to know the Iranians better, and have going into the country and so forth, there have been productive results. And I appreciate this is such a broad switch from a couple of years ago. People in diplomacy may not quite assimilate this, but it just seems to me critically important that we get to know Iran better—a lot of us—and that there be more press reports, better information about the economy. We say, from time to time, that the Iranian economy is faltering, that the President of Iran isn't understanding the needs of poor people in the rural areas, and so forth. Perhaps. But it's awfully hard to find that except anecdotally, and maybe once a month in some report.

Ambassador BURNS. Mr. Chairman, I'm in full agreement. And it's what our administration has tried to do, and it's nice to see that—I think we have bipartisan support for this, because Congress has been good enough to vote the funds that allow it to happen. But look at it this way. I think it—from—and I agree with your perspective—if we cannot have a normal relationship with the Iranian Government, and we're—we don't have one right now, and there's no hope of an early resumption of diplomatic relations—surely we can open up connections to people in Iran. So, we've done that through our athletes. We can do that through scientists. We can do it by bringing Iranian students—we've all seen the huge long-term impact of having someone study in our country and get to know the American people, and what that means 30, 40 years—when that person's in a position of some influence in their society. There are some in the Senate and the House who want to establish connections with the Majlis, and we support that. We think that would be a very positive contribution, if some in the Congress could break down some of the barriers that we're currently unable to break down, as in the executive part of the Government.

And we've tried to get smarter, ourselves. When Secretary Rice came in as Secretary of State more than 2 years ago, we had about—we had one person—I was tempted to say one and a half—working full-time on Iran. We now have an Iran desk of more than eight people—and its director, Barbara Leaf, is seated directly behind me—and they're doing a great job. They're focused solely on Iran. We've constructed an office of six people in Dubai, whose job—they're all Farsi speakers—is to talk to the thousands of Iranians in Dubai. We have Iran-watchers, people who are focused on Iran, in Kabul and in Baghdad, in Frankfurt, in London, places where the Iranian diaspora congregates. And it's very reminiscent to what we did in the 1920s during the period between Versailles and when Franklin Roosevelt was inaugurated. We had no diplomatic relationship with the Soviet Union; and so, we established what we called Riga station, which is where—which was the diplomatic outpost designed to look into the Soviet Union, understand it, and try to connect with it. And we sent people like Chip Bohlen and George Kennan there, as young diplomats. And we had Riga station in mind when we designed our office in Dubai.

And so, I think we, in government, need to be smarter about Iran, and we're attempting to do that. And I think we need to unleash the power of our private sector and the American people to create the kind of bridges that ultimately can bring, in the long term, these two societies more closely together.

Senator LUGAR. I would applaud those efforts.

Thank you, Mr. Chairman.

Senator CASEY [presiding]. I want the ranking member, Senator Lugar, to know I'm here temporarily.

Senator LUGAR. Oh, I see.

Senator CASEY. Senator Biden will be back shortly.

I'll exercise my own prerogative, as a temporary Chair, to start my questions now. I don't see anyone outranking me over here.

Secretary Burns, thank you for being here, and thank you for your great public service, especially when it comes to the threat posed by Iran. And I appreciate the testimony you gave.

I wanted to ask you a couple of questions about intelligence. I think you'd agree with me, wouldn't you, that when we're talking about any kind of successful effort in the area of diplomacy, that one of the underpinnings of that, one of the foundations of that, or, to use another analogy, one of the pillars to hold that up, would be a credible and an effective set of intelligence data? And there have been questions—we know the questions that were raised, serious questions about intelligence failures in the lead-up to the war in Iraq. And, just in February, a Los Angeles Times story calling into question U.S. intelligence as shared with U.N. nuclear watch—the U.N. nuclear watchdog agency, IAEA—the assertion made by diplomats—and this story was out of Vienna—is that that intelligence was inaccurate, and serious questions raised about it. So, I ask you, Do you have full confidence that the intelligence that our Government is producing with regard to Iran, generally, but, specifically, the nuclear threat, and the detail and the data that undergirds those intelligence conclusions or estimates—do you have full confidence in American intelligence efforts in this question?

Ambassador BURNS. Senator Casey, thank you for your question.

Let me just say that I do have full confidence in our intelligence community. I think that they are objective. They work extremely hard. They understand that one of our primary foreign policy challenges is Iran, so a tremendous amount of resources are being devoted to the question of trying to understand the society, its politics, but particularly to focus in on the nuclear question, and to look at some of the questions that we've got to answer about the pace of work at the nuclear complex at Natanz. Most of—I can only speak in generalities, because we would have to go into a classified session to speak in specifics, so I'll just refer to the generalities by saying I'm very well acquainted with the individuals leading this effort in our intelligence community, and I have every reason—every confidence that they are objective, that they are calling them as they see them, and that's our obligation as Federal civil servants. And this is such an important issue for our country. The threat of a nuclear-armed Iran, it would change the balance of power in Europe, in negative terms, for the United States, for Israel, our friend and ally. And we need to get this right. And we're all dedicated to getting it right. And I think I can say, as someone who works with them day to day, that I have every reason to believe that they're approaching this with the degree of seriousness that you would want, that you would expect.

Senator CASEY. And based upon your answer, from what you can tell us that's not—obviously, not classified—what has our intelligence indicated to us, in terms of the duration of time from the present until—we hope this doesn't come to pass, but sometime in the future, where Iran could, in fact, develop a nuclear weapon? There are all kinds of estimates that are on the record. There are all kinds of opinions. But from what you know today, and based upon our intelligence, what can you tell us about that?

Ambassador BURNS. Senator, I am—I just want to be very clear in stating the obvious, I'm not an intelligence official, and I think there has to be a clear line between those who are responsible for intelligence predictions and those who are in the policy community. And I'm in the latter community. So, I have some degree of humility in trying to answer your question, and I would refer you to Director McConnell's testimony before the Senate in February, where he, I think, addressed a question from Senator Hillary Clinton and gave a very specific answer as to what he believed was the timeline, the answer to the question that you posed.

I would just say, to—just to add to that, is, there's no more serious threat. We take it—we have to take very seriously and be tough-minded about that threat. We have to, of course, watch the intelligence, but keep this issue—the question you asked—So, how many years will it take for them to produce either the capacity to produce fissile material in a nuclear warhead, or actually to have an industrial process that could do that, at an accelerated rate? And we have to keep that under constant review, because there are so many variables that go into that process that the Iranians are engaged in. You need to watch all of them, individually and in combination. And that is what our Government is attempting to do.

So, I think there has been a very clear intelligence estimate made by Director McConnell, and I think it's best for me, as a pol-

icy official, to leave the intelligence to them. But, as a policy official, it has to be under constant review, because there's nothing more important to us.

Senator CASEY. My time is short. I just want to try to get one or two more in.

The whole question of refining capacity, we know that's the ability of the Iranians to have the consumption of gasoline at a level where they can sustain their economy. I know that's an advantage we have, I guess, in terms of negotiations. But, because of their lack of domestic refining capacity, what can you tell us about strategies that we might employ, because of that disadvantage that they have, in terms of short-term or long-term negotiations? Is that something—do you think it's viable as a point of leverage? And is this something that you've already employed or begun to think about?

Ambassador BURNS. Thank you, Senator.

I think, actually that's a really pertinent point of our negotiations. The irony is that, for one of the largest oil and gas producers in the world, they import about 40 percent of their gasoline, and they have not been able to build up their refining capacity to the degree they'd like. They keep the price of gas artificially low, which has all sorts of negative effects in their economy and the streets of Tehran—and I've never been there—but I understand that it's impossible to drive there, because there are so many cars on the road, because gasoline is so cheap.

But you're right to suggest that there's—this is a point of leverage to us. And, as we look at all these points of leverage—and I have listed five of them in my opening remarks—that are diplomatic, economic, and military—most of us believe that what we can do economically is probably, in the short term, the most effective leverage we have against the Iranians, because I think the most important thing we can say about their motivations as a country, as a government, is that they don't want to be isolated, they don't want to live the way the North Koreans have lived. They want to integrate, and they want investment capital, and they want trade from Europe and the Arab world. They see Dubai as their banking capital, for instance. And the more that we can convince countries not to do business as usual—for instance, for Japan to reduce its export credits; Germany, Italy, and France, the four of them have done that—for us to see more international financial institutions shut down lending to Iran—I think you were right to suggest that that's the point of vulnerability. And if—and the whole point of this is not just to be needlessly punitive, but to drive up the cost to Iran of its behavior, and to increase the chance that we can get it to the negotiating table, resolve the nuclear conflict peacefully rather than militarily. The President has said, many times, "We keep all options on the table." And he's right to say that. But there's no question that we are focused on a diplomatic solution, and that's where the great majority of our energies should be.

Senator CASEY. Thank you. I'm out of time.

Senator HAGEL.

Senator HAGEL. Mr. Chairman, thank you.

Secretary, welcome. As you noted, you have had, over the course of the last few years, many discussions with a number of us on this

committee about this issue. Most of those have been off the record, and we have always noted, and appreciated, your candid exchanges. And I share Chairman Biden's appreciation of your abilities and leadership, as well as what Senator Lugar said.

I also wish to associate myself with both Senator Lugar's comments and Chairman Biden's, in—of putting a focus on the efforts with the NGOs, as you noted, widening our exchange efforts. As you noted, we have some opportunities here with the younger generation in Iran, and you and I have talked about that, at some length. You also appeared before the Senate Banking Committee, 2 weeks ago, on this issue, and we appreciated your comments then.

And I also would like to acknowledge the efforts that Secretary Rice is making, as well as yours and others in the State Department, to what I perceive to be a refocusing of our priorities using some new diplomatic initiatives. It is my opinion that that is going to be the most important leverage we have within the arc of our instruments of power—military, economic, and diplomatic—and a wise use of each in a coordinated, comprehensive way is what's going to be required. And I believe that you and Secretary Rice and others are focused on that. And you should be recognized for that. And I think it's important that Congress acknowledge that.

You know, Secretary Burns, that this week the Senate has been consumed with Iraq, specifically the supplemental appropriations request from the President. And, as you have noted, as others have, we cannot separate Iraq from Iran; they are woven into the same fabric, as is the Middle East, in general; specifically, Israel, the Palestinian issue. And it is, in my opinion, not only appropriate and responsible to have this debate and have the Congress involved, but it's essential. And, as we look at the papers this morning, strikes in Baghdad's Green Zone increased; 6 of the last 7 days, rockets have hit inside the Green Zone, killed one American soldier, wounded another, contractors. Papers continue to be full of other headlines, like, "Gunmen Go On a Rampage in Iraqi City." This is Tal Afar, policemen loose on the streets, assassinating people. This is the same city that President Bush talked about as a model city, how peace, tranquility had come to Tal Afar. The President said, "It gives me confidence in our strategy." Other headlines about what the King of Saudi Arabia said, calling the United States involvement in Iraq—I believe his exact quote was "an illegitimate occupation of Iraq." And then, on the same page, headline, "Iran May Skip Talks on Iraq if U.S. Keeps Six Detainees." You have addressed that issue, generally.

Now, with all of that playing out—and that, Mr. Secretary, is reality; that's not an abstraction, that's not a political statement, that is reality as to what's happening in Iraq. And we can have all the verbiage about supporting our troops and all the other debate points that have been made, but what I have just inventoried here, and we could continue for some time, are realities. Things aren't getting better, they're getting worse.

Now, in Iraq, as you have noted, the Iranians have considerable influence. Let's start with the fact that the Iraqi Prime Minister and the Shia senior Government of Iraq, our allies, our friends, those we helped put in office, are closely associated with the Ira-

nians. You and I have talked about this. Most were exiled in Iran during the reign of Saddam Hussein. And my question is: Does this enhance, does this inhibit—how does it factor into our relationship with Iran, what we are attempting to do with Iran through the United Nations, through our partners—and all the pieces, not just the nuclear piece, but the Hezbollah piece? Are we working with the Iranians and Iraqis together? Are we working with our allies, the Iraqis? The Iraqis are in and out of Tehran in a fairly regular interval. How are we using that relationship, or are we using that relationship, between the Iraqi Government and the Iranian Government?

Thank you.

Ambassador BURNS. Thank you, Senator.

We're seeking, and we hope to see, a change in Iranian actions and behavior in Iraq. And, more broadly, that's the focus of our policy toward Iran, to see a change in behavior, a change in the actions.

Now, we have tried to connect with them. As you know, on March 10, Zal Khalilzad, who was then our Ambassador to Iraq, met with the Iranian Deputy Foreign Minister, the Syrian Deputy Foreign Minister, with the Iraqi Foreign Minister, at that first international meeting, and we agreed at that meeting, to attend additional meetings both, at that ambassadorial level, but also at the ministerial level. Secretary Rice would hope at some point to sit down with her Iranian and Syrian counterparts to talk about Iraq. And we're trying to manage that schedule now with the Iraqi Government.

So, it is true that we understand the need to deal with the reality of Iraq, and that is that Iran and Syria have some influence. But our point to them is that they're not using that influence in a positive or productive way. I mean, look at the actions of Syria to allow foreign fighters to fly into the Damascus airport, go overland, across Syria, right across the Iraqi border, and then to direct their attacks against American soldiers. We can't countenance that. And look what the Iranian Government was doing. As I said before, they're in a privileged position. Most of the Shia leadership of the Iraqi Government now took refuge in Iran. There's a degree of personal knowledge and familiarity with the leadership in Tehran, the leadership of Baghdad, that ought to give Iran a perch from which to be influential, but they've not used that power. They've used it positively; they've used it negatively. And so, our beef with the Iranians on the subject of Iraq is, instead of just supporting a narrow group of people—Shia militants—and giving them explosive technology to attack American soldiers, they ought to be arguing for the unity of Iraq, and they ought to be arguing for an end to the violence between Shia and Sunni. But they're not. And so, you can believe that when we go to the table with them, as Zal did—Ambassador Khalilzad—on March 10, and when we see them again, in the month of April, we have an agenda, and it's to ask the Iranians to play a more productive role in Iraq itself.

And I would also just say, Senator, we're seeking to sit down with them on the nuclear issue, and they're avoiding us. We have a Perm 5 offer to negotiate, and they've avoided us now for 8 months. So, it's not for lack of trying that there isn't much of a con-

versation these days between the Government in Iran and the Government of the United States.

Senator HAGEL. Part of the question revolved around whether the Iraqi Government was attempting to use this—or, how were they attempting to use their relationship with the Iranians in Iraq. Not just us. And if—in fact, as I understand it, the Secretary says that unless there is a verifiable suspension in Iran's enrichment program, then she will not go to the ministerial meeting. Is that correct?

Ambassador BURNS. Actually, we've separated the two issues. On the question of Iran's nuclear weapons ambitions, we, the Chinese, the Russians, and the Europeans have said, together, "We will only negotiate if you suspend your enrichment programs." Now, suspend the programs for the life of negotiations. And the reason is, if we went to negotiations with them, the five of us, but allowed Iran to continue its nuclear research, there would be every incentive for them to keep us at the negotiating table for years, and they'd just proceed with their nuclear research. They'd have it both ways.

But we have—apart from the nuclear issue, we've said that we're willing to sit down and talk to them about Iraq in this multilateral setting that the Iraqi Government made available, back on March 10. And we've said that we're willing to go to future meetings with them. We've made that very clear. But we want there to be—we're going to insist on a change of Iranian behavior, because right now they're not adding to those—to the—they're not adding their voice to those who are arguing for a peaceful resolution of disputes inside Iraq, as opposed to the violence that you correctly say is dominating our news today.

Senator HAGEL. So, the Secretary would, in fact, would go to a ministerial including the Iranians, without a verifiable enrichment agreement or suspension commitment from the Iranians.

Ambassador BURNS. Well, she and our other representatives are willing to have future meetings on the issue of Iraq, with the Iraqi Government, with some of the other neighbors—you know, Egypt's been involved—with some of the European countries, perhaps. Yes.

Senator HAGEL. So, she would.

Ambassador BURNS. She's—yes. And we are willing to do that. But what we're not willing to do is change our policy on the nuclear side, which is not just a U.S. policy, it's a Russia-China-United States-European policy, which is quite strongly felt by all of us.

Senator HAGEL. Thank you.

Mr. Chairman.

Senator CASEY. Senator Feingold.

Senator FEINGOLD. Thank you very much, Under Secretary Burns, for your testimony today and for being here.

And thank you, Mr. Chairman, for holding a hearing on this subject.

There are few higher priorities than getting our policy toward Iran right. We must be realistic, both about the very real threat from Iran and about the consequences of different courses of action. We got it wrong in Iraq, and are suffering the consequences: An overworked military, mountains of debt, and an increase in the negative perceptions of the United States overseas. We cannot afford to get it wrong this time around; the stakes are too high. Mis-

takes could cause the situation in the Mideast to spin out of control, and, before we know it, we could be faced with even greater security threats than we're facing now.

But I do thank you for the hard work you've done so far. And, first, I'd like to ask you—I note, Mr. Burns, in your testimony you state that, "If we continue our skillful diplomatic course, and have the patience to see it play out over the mid to long term, I am confident that we can avoid conflict and see our strategy succeed." What kind of a timeframe were you talking about?

Ambassador BURNS. Senator, thank you. It's hard to be precise about that, because it does get to the question of when we think the Iranian Government will have the capacity to produce fissile material and nuclear weapons. And that's a—our intelligence community watches that, as you know, and they've given their own assessment to the Congress, which is the right thing, independent of the policy community. And we need to keep it under urgent review and constant review, because there are so many variables that fit into that question. And you have to try to measure, sometimes from a distance, how well the Iranians are doing.

One of the problems we have now, for instance, just to illustrate this, is that Iranians have begun to kick out some of the IAEA inspectors. They began this several months ago. They've downgraded their relationship with the IAEA, because, they say, of their anger over these two Security Council sanctions resolutions. And so, we rely a lot on the International Atomic Energy Agency and Dr. Mohamed ElBaradei to give us a sense of the pace at which they're proceeding on a scientific basis at Natanz, on the enrichment and reprocessing issue. So, it's under constant review. And, frankly, I don't think it would make sense for me to say, "Well, we've got X number of months or X number of years," because I think that might be a misleading answer.

So, what I have said in my testimony, and what I repeated earlier today, is that I'm confident that we have some time with which to work and that—the key thing about diplomacy is, you've got to have a little patience. And you have to be willing to be persistent and let diplomacy play out. And so, I was—before you came in, I was taking advantage of this microphone to say I read the Washington Post lead editorial today, and they gave us some compliments for our strategy, then they said, "But they haven't stopped the nuclear weapons program." And I thought to myself, that's a little ambitious; we've only been at this now, in the Perm 5, for a year, but we've built this major international coalition. And when you have Russia and China and Indonesia and South Africa and Brazil on our side, and you have Syria and Venezuela and Cuba on Iran's side, that's a pretty good lineup for us. And we should be—

Senator FEINGOLD. Speaking of that, I want to pursue that a little bit, because I—when I was in Indonesia last year, I asked President Yudhoyono about why—I believe, at the time Indonesia was one of five countries that had not voted to refer Iran to the Security Council, and he indicated it was a question of timing. And now I note that, in fact, Indonesia was, as I understand it, supportive. And I think this is critical, because I think sometimes people think of this in terms of the five permanent members of the Security



Council, but Indonesia is the largest Islamic country in the world and has a real relationship with Iran. So, tell me a little bit about how we're going about enlisting countries like that, and indicating to them that this is at our very highest—one of our very highest priorities that we want from our relationship with them.

Ambassador BURNS. We've actually—this has been a high priority for us in our relations with Brazil, India, South Africa, Indonesia, Egypt, just to name five leading members of the Non-Aligned Movement. And what we've said to them is, "Look, we're not trying to deny Iran—the Iranian people a nuclear—civil nuclear power, because under the Non-Proliferation Treaty, all countries have that right, but we are trying to deny them nuclear weapons." And there's a big distinction, and we can keep the two separate. And we've had a lot of success. When I was in Brazil, in the month of the February, and the Brazilians were just debating in their Parliament the implementing legislation for the first U.N. Security Council sanctions. That's a powerful instrument, when it's not just the United States or France saying to the Iranians, "You can't have nuclear weapons." It's all of their brethren from the developing world, countries that they respect, countries with which they have diplomatic relations and some economic ties. And so, it's been very effective for us to see these countries step forward. And, frankly, we had very tough negotiations at the Security Council over the last 2 weeks, but to see South Africa, Qatar, and Indonesia join the rest of us, that was a powerful—

Ambassador BURNS. How tough was it—how challenging was it to get Indonesia to come onboard here?

Ambassador BURNS. Well, I think that—I think that those countries, rightfully—what happened was, the countries of the Perm 5, including the United States, came to the rest of the Council and said, "We have this resolution. It's a chapter 7 sanctions resolution. We'd like you to vote for it." And I think, quite rightfully, a lot of them—Indonesia and Qatar and South Africa—said, "OK, wait a minute. Let's not rush into this. Let's talk about it." And so, we spent 8 days, about 20 hours a day, talking in New York, talking between capitals. Secretary Rice got on the phone and talked to President Mbeki; the President talked to the President of Indonesia. And we took the time to try to help them understand what was motivating us and why their climbing onboard would really reinforce efforts toward peace and a peaceful resolution, that we weren't trying to somehow use this as a way to have a military confrontation with Iran.

Senator FEINGOLD. Well, I congratulate you on that approach, and I'm glad it's bearing some fruit.

You said, in your opening statement, that an active and focused diplomatic strategy is the best way forward in dealing with Iran, and I'm pleased to hear your comments today, and also those of Secretary Gates yesterday, which signal the possibility of higher level diplomatic engagement. Will you outline for me what these higher level engagements would look like?

Ambassador BURNS. Yes, sir. On the nuclear issue, we think the only way we're going to resolve this, on a diplomatic front, is to get the negotiations to a very high level. So, what we proposed is, if the Iranians would agree to negotiations, Secretary Rice has said

she would be there, personally. It would be the first time since the hostage crisis of 1979 to 1981, that we would have had such a high-level interaction with Iranian officials. But all of us have said—Russia, China, France, Britain, Germany, and the United States—“There’s just one part of the price of admission. You’ve got to suspend your nuclear efforts.” And we’ve said, “We’ll suspend out sanctions implementation if you’ll suspend your enrichment program.” So, it’s suspension for suspension. We think it’s a pretty fair deal. And the Iranians have not yet said yes, but what we have asked Javier Solana to do on our behalf—he’s the European Foreign Policy Chief—we’ve asked him to make contact with the Iranians. And he called Ali Larijani, on Monday, the Director of the Security Council in Tehran, and say, “OK, now that we’ve sanctioned you again, is there a way for us to work with you to get you to the negotiating table?” And since the United States does not have diplomatic relations with Iran, and it wouldn’t be in our best interest to lead those kinds of direct talks, Mr. Solana will lead them for us, and for the rest of the Perm 5 countries. And we hope Iran will know that this offer that we made to negotiate with them is on the table; we haven’t taken it off. It’s the best way forward.

Senator FEINGOLD. Thank you, Mr. Burns.

Thank you, Mr. Chairman.

Senator CASEY. Senator Coleman.

Senator COLEMAN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

I’m pleased to hear you talk about a need to reengage with the Iranian people. I think sometimes there is a confusion as we focus on the comments of Ahmadinejad and his threats to destroy Israel, and the danger of Iran having a nuclear weapon, that that’s a separate issue from the Iranian people, as you indicated, by—even public opinion polls say they’re still pro-American, and about 70 percent of the population of Iran is under 30, so there’s, I think, tremendous potential there, and I hope that we provide the resource—and I was pleased to hear the chairman say that he’d be supportive of that—those resources that will allow us to extend our engagement and contact with the Iranian people. I think it’s critically important.

I should also note, when I was in Dubai, I found it fascinating that the language of choice among our diplomats seemed to be Farsi. And the need to understand the language issue is critical. And so, I think that’s also very positive. Engagement is absolutely critical.

Let me—I read in the paper that—the comments—or at least descriptions of the comments of the Saudi King. And it’s been my understanding, in dealing with the Saudis, dealing with the Egyptians, they want us in Iraq. They don’t want us leaving Iraq. They have deep concerns about the Iranian influence in the region. And so, could you help me understand the perspective on the comments of the Saudi King that describes—apparently describes—our presence in Iraq as an illegitimate foreign occupation. Is that a—somehow, a change in the perspective from the Saudis and others in the region?

Ambassador BURNS. Senator, thank you very much.

I will admit we were a little surprised to see those remarks. We disagree with them. We're under—United States military forces are in Iraq under United Nations authority, and the United Nations votes every year to authorize that mission. It's an international coalition sanctioned by the United Nations and at the invitation of the Iraqi Government and of the Shia, Sunni, and Kurd leaders of that government. And so, obviously we'll seek clarification from the Saudis. You know, in these instances, you never know, it could have been an interpretation issue, it could have been misreported. So, I think we have to allow for that. And I'm sure this is not going to disrupt the very good work that we've been doing with Saudi Arabia of recent months on this particular issue.

Senator COLEMAN. And my concern goes not just to the nature of our relationship with the Saudis, but I'm looking at the—one of the things I find frustrating is that the Iranian efforts to destabilize the region, Iranian efforts to use Hezbollah as a proxy, to support Hamas, to, you know, provide deadly IEDs, EFPs, whatever they're called now—it's not just a concern for us, but I have always understood that the Egyptians, the Saudis, the UAE, others within the region—particularly, by the way, Sunni governments—have a—should have a deeper interest in supporting efforts at stability, and I don't see that interest. And so, I don't see the fruits or the action that would somehow correspond with what appears to be a real interest. They've got a dog in this hunt—the Egyptians and the Saudis and others. And so, I guess my question is, you know: What can be done to somehow facilitate others in the region—Sunni governments, in particular—from playing a more active role in dealing with Iran and challenging Iran's efforts to destabilize and cause conflict in the region?

Ambassador BURNS. Senator, I think you're right to focus on this aspect. We give so much attention to the nuclear problem, as we should, but the other big problem with Iran is, it's essentially become the central banker of Middle East terrorism. It's the leading funder of Hezbollah, Hamas, Palestinian Islamic Jihad, and the PFLP General Command. And if you think about the Iranian agenda, it is contrary to the Arab agenda in the Middle East, and there's a lot of concern among the Gulf Cooperation Council countries about increased Iranian influence. Ahmadinejad has said—he says that the destiny of Iran is to be the most powerful state in the Middle East. And we see a country with an entirely negative regional agenda. I mean, think of it this way, they oppose the moderate Palestinians; they oppose, and are the sworn enemy of, the State of Israel, our ally; and they're using their influence very negatively inside Iraq, and also in Lebanon against a democratically constituted government. And so, we're very concerned by this regional role.

Secretary Rice has had four meetings of the gulf countries plus Egypt and Jordan, together as a group, since the month of September. And there's a real regional effort beginning, to push back against the Iranians. And I think you've seen us begin to do that with our deployments in the gulf, with our actions in Iraq. And I can tell you, behind closed doors those Arab countries do not wish to see Iran become the dominant country in the Middle East.

Senator COLEMAN. And that's clear—the sense I have. I would suggest—and I think it's pretty obvious—that the Iraqi Government plays a role in this, that the fear among some others in the region is that the Maliki government or—I don't—a tool, a pawn of Iran, but perhaps so closely aligned and not showing the kind of resolve to deal with Iranian influence—and perhaps, obviously, they're not showing resolve to reconcile and deal with the Sunni-Shia divide. And so, I would suggest, perhaps, the obvious, that the Iraqi Government, by its own actions, in showing a commitment—and certainly that's the hope with this surge and changing rules of engagement, taking on Shia extremism—will play a role in perhaps convincing some of the others in the region that they have a stake in stability in Iraq, and they have a stake in that government surviving.

Ambassador BURNS. Well, I would agree with you, and I—you know, our new Ambassador has arrived. Ryan Crocker was sworn in yesterday. And I think we all recognize that the Maliki government faces an extraordinary number of challenges, and we have a great deal of sympathy with them. My sense, very respectfully, would be that they're not a—beholden to Iran; there are natural ties there, personal and institutional, from the anti-Saddam coalition, but that the Maliki government understands that they have to have a unified national effort that includes Sunni and Kurd, if they're going to be ultimately successful. And we think they do understand that.

Senator COLEMAN. One last question. Do you believe that we have shut down the flow of these—the most deadly kind, now, of IEDs? I think they're called EFPs, but—and I—when I was in Iraq, I had discussion with our troops and the ability of shooting projectiles from the side, with devastating impact—if we know they're coming from Iran, they're killing American and coalition forces, have we shut it down? And, if not, what else do we have to do to shut it down?

Ambassador BURNS. I think it might be best to ask our military to give you an assessment of that. But what I can tell you is, I don't believe we have shut it down, unfortunately. We saw an alarming rise in the number of these attacks—this is armor-piercing explosive technology—in the latter months of 2006. And that's why we chose to push against them in detaining the two groups of Iranian operatives, on December 20 and 28 of 2006, and that's why we're still—have detained several of those individuals. And what the President said on January 10 stands, we will—you know, we will not allow these Iranian networks essentially to give the capacity to Shia militant groups to take aim at our soldiers. And they understand that. And we will push back against them, as we have done.

Senator COLEMAN. Thank you.

Thank you, Mr. Chairman.

Senator CASEY. Senator Obama.

Senator OBAMA. Thank you, Mr. Chairman.

Mr. Secretary, it's good to see you again. And I am encouraged, for the most part, by your testimony and the progress that's been made on the diplomatic front.

I want to pick up on an issue that at least is related to the previous question, and that is the expression on the part of this administration, at least in the press, of Iranian influence in financing or encouraging destabilizing activities inside Iraq. There are a lot of Americans who are concerned that there is the potential, at least, for backing into military action in Iran—not based on concerns with respect to the—not solely premised on incapacitating their nuclear capabilities, but under the guise of expanding the theater of war in Iraq. Now, obviously we're going to defend American troops and personnel if they're attacked in Iraq, or anywhere else in the region. And we want to give the administration some flexibility in making sure Americans and American facilities are safe and secure—you know, imminent attacks, hot pursuit, there might be certain intelligence-collection activities. So, let's stipulate up front that those actions would be fully supported by the American people and Congress. But I want to get to the heart of the question. Senator Webb and Senator Byrd have offered an amendment that would require the administration to get congressional authorization before using force against Iran, with the—some of the exceptions that I just mentioned. I personally believe it would be a mistake for us to back into a military conflict with Iran. So, I'm interested in what the administration's position is, in terms of having to obtain authorization before using force in Iran, akin to the authorization that was provided in Iraq.

Ambassador BURNS. Thank you, Senator. I'm happy to respond to your question.

I guess I would say this, that I want to assure you, as I know Secretary Rice has done, that we are not seeking a military confrontation with Iran. The whole thrust of our efforts has been diplomatic for roughly the last 2 years, on the nuclear issue, as well as on the other issues concerning Iran's regional capacity.

Senator OBAMA. And, as I said, I'm encouraged by the progress that's been made, at least recently. I think some time was lost, but that's water under the bridge. I think the actions you guys are taking now are constructive. But I do want to get to, sort of, the central issue that I asked, and that is, if we were to—if the administration made an assessment that military action, in order to preserve the integrity of Iraq, might be required, is it the administration's position that authorization would be needed to do that?

Ambassador BURNS. Senator, I'm well aware of why you're asking the question. I know Senator Webb, in fact, directed this in writing to Secretary Rice after the January 11 testimony, I believe, and we responded to Senator Webb. So, I'll be happy to respond to you. It's an important issue.

I guess I'd say three things:

First is, it's not our intention—I just want to repeat that—to seek a military conflict with Iran. We believe that diplomacy has a possibility of succeeding, and we ought to try it. And we're doing that.

Second, as a matter of the President's constitutional authorities, I'm not a constitutional lawyer, but I know it's the position—it's the position of our Government that the President obviously has the constitutional duty to protect the American people and protect

the United States, and, as Commander in Chief, has to be able to exercise that authority as he sees fit.

Senator OBAMA. I just want to amend that. I think you meant it's the position of our administration, as opposed to our Government, the—

Ambassador BURNS. When I say "Government," I mean the executive branch.

Senator OBAMA. OK. I just wanted to make sure—

Ambassador BURNS. So, I'm happy to amend it and say the position of the executive branch.

Senator OBAMA. All right.

Ambassador BURNS. I'm used to talking to foreigners about our Government—

[Laughter.]

Ambassador BURNS [continuing]. Which is, to them, the—

Senator OBAMA. I understand.

Ambassador BURNS [continuing]. Executive branch of the United States.

Senator OBAMA. Right.

Ambassador BURNS. And so, I—we have given—we sent, to Senator Webb, a letter essentially making that argument, that there's a constitutional issue. And I would just say there's a policy issue, as well. And I'm much more, I think, able to address the policy issue, as opposed to the constitutional and legal issues.

Third, I would say—and I don't mean to disregard your question or, kind of, not answer it by saying this—but it's hard to answer hypothetical questions, because you never know what your interests will be at the time, you don't know what the balance of forces will be at the time. And so, it's a little bit—it's not really possible for me to say, in a hypothetical situation, (a) the President would do this, because it's really his decision and his authority, as opposed to anyone else's in the executive branch.

I'd be happy to make available to you the letter that we did send, which does represent the considered views of the State Department and the White House, from a legal perspective, on Senator Webb's question.

Senator OBAMA. I will let Senator Webb pursue this question further, since he's done a lot of work on it. I just wanted to get the ball rolling, since we all—we had some—limited time.

Let me shift to the issue of economic sanctions. I think we obviously made progress with the most recent vote in the Security Council. I am still trying to figure out what the status of European financial interactions are. Are we seeing moves to tighten financial sanctions, limit export credits, reduce trade, et cetera, across the board? Which countries are being helpful? Which countries are—we wish were more helpful on this issue.

And, since we only—I only have a limited amount of time, why don't I tack on just a couple of other questions to that.

What kind of progress are we making in actually impacting the Iranian economy on issues like, for example, their gasoline imports? It strikes me that's obviously someplace—a point at which you could end up having significant influence on domestic views of Ahmadinejad's policies and rhetoric.

And one final point. I guess there has been some talk about the possibility of—some states have talked about the possibility of divestment as a strategy of leveraging—applying leverage on Iran. And I'm curious as to whether the administration or the State Department has any views on that.

Ambassador BURNS. Thank you very much, Senator. I'll—I'm happy to address these questions.

We're trying to produce multiple points of pressure on Iran so that they'll have a greater incentive to negotiate with us. So, those are political, diplomatic, military, and economic. And I think the ones that you've focused on are probably the most important. Most people who know Iran well think that they're most vulnerable to economic sanctions and economic leverage, so we put a lot of attention there. In the last Security Council resolution, passed Saturday, we were able to convince the other countries to sanction Bank Sepah. It's their fourth largest bank. It's the bank that funds their WMD and ballistic-missile program. That was positive.

Second, we open up, in that resolution, for the first time, that countries should now begin to watch with "vigilance and restraint," are the two words used, their export credit relationship. In 2005, the OECD figures show 22 billion dollars' worth of export credits made available by European companies—countries for their companies to stimulate trade with Iran. And our message to the Europeans is, "If we want to pressure the Iranians, we've got to do it through economics, not just through diplomacy. And so, you need to reduce the level of those export credits."

In the last 3 or 4 months—and we've been at this—arguing this for about 6 or 7—we've seen Italy, France, and Germany, the three largest countries with an economic relationship with Iran, reduce—begin to reduce their export credit levels—not enough to our satisfaction, but the trend is good. Japan has done more. The Japanese state lending agencies have dramatically reduced their exposure in Iran.

So, we think this is important. We're trying to push on this. In fact, I was in Brussels on Monday and Tuesday, and talked to Javier Solana, and said, "Is it now possible for the European Union to begin to take stronger collective measures" in this area that you suggest, of economics and finance? And we hope it will.

There are other countries, like Russia, with a business-as-usual attitude. You know, Russia sells arms to Iran. They just sold Tor-M1 missiles, air-defense missiles. And we are strongly opposed to that.

China, and its state corporations, is really open for business with the Iranians, and we've told the Chinese, "You'd better be aware of—there is a U.S. law, Iran sanctions law, that prohibits a certain level of oil and gas investment, and if you pass—if you cross that threshold, you may be subject to that law." So, I think the presence of that law is positive for us as a deterrent effect.

Now, finally, you've talked—you've asked about divestment and other options. I guess I'd say this—I know there's a bill in the Senate that would toughen up the Iran sanctions law, and there's two in the House—that we would be open to supporting bills that would turn the attention to tighten pressure on Iran. But if we choose tactics that will essentially focus most of the efforts of our country

on the Europeans, then we end up disrupting this major coalition we've built, and it becomes a U.S. fight against the Europeans, rather than an American-European fight against Iran. And so, we've said, very—respectively to Chairman Lantos and Congressman Ross-Lehtinen in the House, that we could not support their bill that would effectively take the waiver authority of a law away from the President and that would turn most of our attention toward our own allies. We want to see the heat turned up on the Iranians, as a general proposition.

Senator OBAMA. Thank you.

Ambassador BURNS. Thank you.

Senator CASEY. Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

And, Secretary, appreciate your testimony. Very valuable, today.

With respect to the question that Senator Obama asked, and the letter that was sent to me, I'd just like to make sure that Senator Obama understands that the letter that was sent in reply to my question did leave open this whole issue of the federal system division of responsibilities between the executive and the legislative branches, which is why I decided to introduce the legislation that I did. So, I just wanted to Senator Obama to understand that.

The key question really, constitutionally, is whether general operations in Iran, as opposed to specific reactions to tactical situations, would be considered the commencement of a war, rather than an extension of the President's powers that were already granted to him by other congressional authorization; and, if not, whether he has that power, as the Commander in Chief. And it's a—it is a very complicated area. It's probably—a very difficult area to answer in a letter, which is why I decided to put something in legislation, just to clarify, from the view of the Congress, if the legislation passes, where we believe one set of authorities end and another begin.

I would like to go into a couple of other areas in the short time that I have here.

The first is, watching your exchange with the Senator from Minnesota, I was sitting here remembering that, 20 years ago, when I was Secretary of the Navy, I was at a—present at the creation of this whole attempt to develop a strategy when people were looking at the future of Iranian potential expansion under this regime. There were a number of people in the Government at that time who were talking about what they were calling a Pan-Arab strategy, sort of a desire to, in effect, contain Iran. And that resulted in the tilt toward Iraq during the middle of the Iran-Iraq war. And I think I may have been the only member of the Reagan administration who opposed the tilt toward Iraq in writing, for many of the same reasons, that I had great concerns about the notion of invading Iraq, rather than attempting to deal with that situation in a lot different way and allowing us to focus more heavily on international terrorism.

And—I feel compelled to say this because of the exchange that was going on with the Senator from Minnesota.—I strongly believe that the occupation of Iraq has basically worsened this concern with respect to Iran, not alleviated it. I think that, as many people predicted, as—we have seen Iran empowered as a result.



And so, the question becomes: What do we do from here? Where do we go? How do we deal with this situation? And I have been very gratified over the past few months about how Secretary Rice has stepped up and—I know the administration wouldn't say this—but has, I think, begun to take the level of diplomacy to a higher instrument of concern, in terms of policy.

And my view on—my concern about where the executive power ends, in terms of use of force, does not reduce the concern that I, and other people, have about the situation in Iran. And I've been following, as best I can, the impact of the sanctions that have been put on Iran. I think *The Economist* did a really fine job outlining the strong impact of these sanctions; an article that they had in February—one of the February issues. And to me, the worst thing you can do in these kinds of situations is to rattle the saber to the point that an authoritarian government can use it to bring people inside the country to its side, where, otherwise, they would not be, that the proper use of sanctions does two things. One is that it isolates the leadership from its own people. And we tend to forget that. And then, the second thing is that it can isolate a regime from most of the rest of the world. And, you know, we—your testimony talking about thinking people in the Iranian Government not wanting to end up in the situation of North Korea, I think, is right on point. But would you care to comment on that?

Ambassador BURNS. Senator, thank you.

I think you're right to suggest that there's a very delicate balance of tactics here between sanctions and diplomatic pressure and military exercises, on the one hand, and the threat of force, on the other. And it's my view that the President is absolutely right not to take any option off the table. I think in the Middle East, it's understood. But the balance of our efforts are clearly focused on the diplomatic side.

Senator WEBB. If I may, on that, I—because we don't have a lot of time—I—the concern that I, and a number of people, have is that the option of a general strike against Iran is not, in the view of many people in the Congress, an option that this President has without coming to the Congress. And this is the—sort of, the dividing line where we continue to have this debate.

Ambassador BURNS. I understand we're having that debate, and, you know, we did our best to send our response to you when you received the letter from our Assistant Secretary. But I would say, from a diplomatic perspective, that all these options remaining possible strengthen the position of the United States, strengthen our hand in dealing with the Iranians and is not unexpected in that kind of environment in the Middle East. But it's—

Senator WEBB. But you would agree that these sorts of sanctions tend to isolate this type of government from its own people. I think it's important for Americans to understand that.

Ambassador BURNS. Yes; I agree with you wholeheartedly that the objective here should be not to wage an offensive against the Iranian people, but to show the Iranian people we have high regard for them, but the problem is with their government, and sanctions enable you to do that.

Senator WEBB. Well, I've been watching words. I'm a writer. You know, I've been watching words, and we keep talking about Iran,

Iran, Iran. And I think if you watched what the Chinese did in the early 1970s, they were very smart, talking about the American Government and the American people. I mean, let's just accept the fact that they were very smart about it. And we need to start doing that, as well.

I'm running out of time. I would like, in brief form, to get your thoughts about the results of the indirect multilateral talks that occurred in Baghdad, as it might impact confidence-building and a new approach to relations with Iran.

Ambassador BURNS. Thank you.

You're right, we are very careful to almost always say, in our pronouncements, Iranian "regime" versus "people." I just wanted to agree with you on that.

On the second question, I think it's too early to tell much about the promise of these talks, the Baghdad talks that started on March 10. We had an initial meeting. It was mainly a process-oriented meeting—it lasted a couple of hours—to determine: Will we meet again? At what level? We would want to use that forum to try to see a change of actions and behavior on the part of both Syria and Iran. It's obvious that that should be our focus. And that's the Iraqi Government focus, as well. So, we're open to these conversations. But I think I'd mislead you if I said that somehow this presents the opportunity for a breakthrough. I'm not sure we know that yet, until we see more of what they do on the ground, because the basis of our policy is to see a change in actions—

Senator WEBB. But a useful—

Ambassador BURNS [continuing]. And behavior.

Senator WEBB [continuing]. Confidence-builder.

Ambassador BURNS. I think—we thought it was the right step to take, to open up this channel to talk to them, yes.

Senator WEBB. Thank you.

Senator WEBB [presiding]. Senator Lugar, I believe I have the chair. Were there any other business to be conducted? Oh, I'm sorry, Senator Voinovich; did not see you.

Senator VOINOVICH. Thanks very much. I apologize for not being here for the other part of the hearing. I had the head of the Social Security Administration to come in and talk about the gigantic backlog that they've got in appeals there.

And I want to welcome you here, and thank you for the great service that you have provided our country, in many capacities, and congratulate you and the Secretary of State on a team effort to involve many more people in decisionmaking, in terms of some of the problems that were confronted with great success in North Korea. I'm not so sure I—the 1701 in—between Lebanon and Israel, I want to talk a little bit about that. And, of course, you've gone into the detail about the sanctions, in terms of Iran.

I would like to start with Iran's involvement in places in the world. And let's start off with 1701, that's been entered into between Israel and Lebanon. It's my understanding that the provisions of 1701 are not being fulfilled, that, for example, the representation was made that Israeli—two Israelis would be returned; they haven't been returned. It's my understanding that the infrastructure that was in place in Lebanon was supposed to be destroyed; it's not being destroyed. It's my understanding that weap-

only that's supposed to be not coming into Lebanon is continuing to be brought into Lebanon. And I'd like to know just what is the role that Iran is playing right now in Lebanon. I know, for example, that the Saudis are finally working to help out that government there, but what is Iran doing to prevent the provisions of 1701 being carried out? And, beyond that, how in the world can anyone think that you're going to get any kind of settlement between the Palestinians and the Israelis if the commitments made in that agreement aren't fulfilled?

Ambassador BURNS. Senator, thank you.

We still believe the 1701 was a positive step, because it helped us to end the war last summer between Hezbollah and Israel. But you're right to say that there have been some severe problems in implementation.

UNIFIL has done a good job. UNIFIL has done a better job than I think many people had suggested. And there's a significant number of countries doing good work there. But it's true that, on those crossing points, on the Syrian/Lebanon border, there was such a problem last summer, there still is trafficking of arms between—from Iran and Syria to Hezbollah through those crossing points. The border is porous, it's not being monitored as effectively as it should be under 1701. We are constantly working at that. But we—it's not within our power to produce that kind of effective mediation. That's the job of the United Nations.

It is also true that Hezbollah is beginning—is trying to solidify its position. I would—

Senator VOINOVICH. OK, but the question—

Ambassador BURNS. I would want to give you a—

Senator VOINOVICH. Yeah. What is—what involvement is Iran actively—how actively are they involved in frustrating the provisions of 1701 from being carried out?

Ambassador BURNS. One of the reasons we insisted in the U.N. sanctions resolution, passed last Saturday, on an arms ban from Iran outward was because we're still concerned by this resupply relationship between the Iranian Government, the IRGC, and Hezbollah, through Syria and into Lebanon. We're very concerned about it. Israel's concerned about it, as they should be. So, it's an issue of great attention. And it's now a sanctionable act, it's illegal under the United Nations Resolution, for Iran to transfer arms to anybody, including Hezbollah.

Senator VOINOVICH. Well, I was up to see the new Secretary General 3 weeks ago, and I had tried to emphasize to him how important it was that they make sure that the provisions of that 1701 are carried out. And one of the easiest things would—let's return those soldiers. That's an easy one. I mean, that's a—

Ambassador BURNS. You're right.

Senator VOINOVICH. Talk about a PR thing, they're foolish that they've got—they ought to be doing that right away.

The other issue is: Have you really ascertained what involvement Iran is having in Iraq? You made reference to it, and people have been reluctant to speak about it, because they don't want to make statements, because they want to make darn sure that the information is good so we're not portraying them as we should not be portraying. But my feeling is that they're very involved, and the real

question I have is: Who are they involved with? And I have this theory, and maybe it's wrong, but I really believe that Sadr wants to become the next Ayatollah of Iraq. I think he wants to end up running that place. And the issue is: What's the relationship between the people in Iran and Mr. Sadr?

Ambassador BURNS. Thank you, Senator.

There's no question in our mind, we're absolutely certain that Iran has been providing this EFP explosive technology to Shia militant groups.

Senator VOINOVICH. Which Shiite group is—are they giving it to? Are they giving it to Sadr, or who—or his competitor there?

Ambassador BURNS. I would want to go back and give you a written answer on that so I can be completely accurate, but there have been more than one. And I'd be happy to provide a written answer to that if you'd like.

Senator VOINOVICH. But would Sadr be one of them that would be the recipients of it?

Ambassador BURNS. I don't know the answer to that question, but I will look at it and get back to you.

[The written information provided by the State Department follows:]

Iran's Islamic Revolutionary Guard Corp—Quds Force (IRGC-QF) is the primary vehicle for Iran's lethal activities in Iraq. The Quds Force provides lethal support in the form of weapons, training, funding, and guidance to select groups of Iraqi Shia militants who target and kill coalition and Iraqi forces, as well as innocent Iraqi civilians. Specific weapons that the Quds Force has provided to Shia militants include: Small arms, mortars, battlefield rockets, explosives, and probably man-portable air defense systems. The Quds Force has also provided Shia militants with the capability to assemble improvised explosive devices (IEDs) with explosively formed projectiles (EFPs), similar to those developed by Iran and Lebanese Hezbollah.

The Quds Force's relationship with Shia cleric Moqtada al-Sadr is difficult to assess given uncertainty about the degree of Sadr's control over elements of his militia, the Jaysh al-Mahdi (JAM). The Quds Force supports Jaysh al-Mahdi (JAM) "Secret Cells" or "Special Groups," which are responsible for bombings, kidnappings, extortion, sectarian murders, illegal arms trafficking, and other attacks. The Special Groups are JAM offshoots that evolved over the past 3 years into a cellular structure, which allows them to operate independently. They are active predominantly in central and southern Iraq.

In March 2007, coalition forces detained Qais Khazali, a former senior aide and spokesperson to al-Sadr, and his brother Laith Khazali. From June 2006 until approximately the time of his capture, Qais was in charge of Special Groups throughout Iraq, and his brother Laith was a member of the Special Groups networks. The Khazali brothers ran an EFP network in Iraq and, starting in 2004, received funding, training, and weapons from the Quds Force, including EFPs, machine guns, rockets, sniper rifles, RPGs and IEDs.

Information from the Khazali brothers and Ali Musaq Daqduq, a detained member of Hezbollah, who trained the JAM Special Groups, indicates the Quds Force has supported and been involved in the planning of attacks against the coalition. Ali Musaq Daqduq and Qais Khazali have both stated that senior leadership within the Quds Force knew of and supported planning for the eventual attack on the Karbala Provincial Joint Coordination Center on January 20, 2007, which killed five coalition soldiers. Daqduq and Qais confirmed that Qais authorized the operation and Azhar al-Dulaymi, a Special Groups Commander killed by the coalition earlier this year, executed the operation.

Senator VOINOVICH. The question was asked by Senator Webb: Do you think that this sitting down with them will cause them to reevaluate their involvement in Iraq?

Ambassador BURNS. It remains to be seen. We'll have to test the proposition. The Iranians say they want to be a positive influence in Iraq. We disagree. We don't think they are. One way to evaluate

that is to talk to them directly, as we have begun to do, but also to bring other countries into the picture with us, so that a lot of countries will be sending that same message to the Iranians simultaneously around one table.

Senator VOINOVICH. Will the—will they listen to the Saudis and others that are non-Shiite?

Ambassador BURNS. We'll continue to judge the Iranians by their actions, not by what they say.

Senator VOINOVICH. But are they—but are the Sunnis really trying to talk with them about explaining that if this thing blows up, it's going to not be good for them, or for anyone else?

Ambassador BURNS. Oh, I think there's been a major effort made by the major—by the Sunni states, by Saudi Arabia and many of the Gulf States, to try to communicate to the Iranians how destructive and negative their whole policy has been in the gulf region—in Iraq and also in the gulf. And there's a lot of concern in the gulf about Iran these days, about what countries perceive to be an increasingly powerful Iran, and there is a great appreciation, I can tell you, for the role—on the part of these Arab countries, for the role that the United States is playing, militarily, in the region, including the fact that we continue, as we have since 1949, to deploy our fleet in the gulf itself.

Senator VOINOVICH. One thing—I'd just finish on this note, that—I didn't discover this until I started reading the history of that region, that back during the days of Franklin Delano Roosevelt we made an agreement with the Saudis that we would protect their ability to transport oil in consideration of their being our good friend. And we have spent billions of dollars in that region over the years, and I don't think the American people have ever been aware of how much involvement—that we get this idea, "Well, we're going to get out of there," but the truth of the matter is, we've been there for a long, long, long time; and the fact is, even though Iraq may—we may do something there, we're going to continue to be in that region for a long, long, long time.

Ambassador BURNS. I very much agree. There was a famous meeting between President Roosevelt and King Saud at the end of World War II that cemented our relationship with Saudi Arabia, and we have been an active participant, probably the leading participant, in providing for security in the gulf since the close of the Second World War. And you've seen that very constant through Democratic and Republican administrations, a very constant theme of American interest in the region. And we're right to continue it.

Senator VOINOVICH. Thanks for your service.

Ambassador BURNS. Thank you.

Senator CARDIN [presiding]. Secretary Burns, thank you for your patience. Thank you for your service to our country.

As the United States deals with Iran on various issues—its position on Iraq, its border issues, its financing of terrorist organizations, such as Hezbollah, or its nuclear program, our success is dependent upon the effectiveness of our sanctions, our international diplomatic efforts, and our ability to secure the cooperation of other nations, and on Iran believing that we can, in fact, isolate their policies.

What nations would you identify as critical to this effort? Where do we need to work to improve cooperation in order to have effective policies with regard to Iran?

Ambassador BURNS. Senator, I would say that Russia and China are particularly important, because both have trading—major trading relationships, both actually sell arms to Iran, and both have a degree of political influence, which is important. And so, we have been working with Russia and China for about a year and a half now in a coalition to give the same message and to try to actually sit down together with the Iranians to resolve this nuclear dispute. And I think both those countries are important.

I would also say the Gulf Arab States and Saudi Arabia are important. They're immediate neighbors, there is a degree of commerce and diplomatic relations that exists, but there's also a great concern by the Sunni Arab world about Iran.

And, last, I'd say, Israel. We have a fundamental obligation to help protect Israel, and we are a very close partner with the Israelis in trying to pursue this effective diplomacy to safeguard Israel's interests, as well as ours, from Iran.

Senator CARDIN. Well, let me start with Russia and China, the first two countries that you mentioned. We have so many issues with those two countries today, well beyond just Iran. My question is: Is it a high enough priority within the administration to elevate the issue of Iran with Russia and with China, that it gets the attention it needs? Because I agree with you that those two countries are absolutely essential to have effective diplomatic policies in regard to Iran. So, I understand that there are multiple issues that are important. But clearly this is one that needs to be a priority. Is it a priority?

Ambassador BURNS. Yes; it is. In fact, I can safely say that, you know, of all the issues we deal with, with the Russian leadership and the Chinese leadership, we have put the Iranian issue at the very top. So, when President Bush talks to President Putin, President Hu Jintao, when Secretary Rice talks to her counterparts in both capitals, we let them know that, for us, what they do on Iran with us is at the very top of our relationship with both Russia and China. They're—that's not misunderstood. That's understood.

Senator CARDIN. I concur with Senator Voinovich's assessment of the Saudis' and your comments. I also agree with your position on Israel. Is there something specifically more that we need in regard to our relationship with Israel, as it relates to Iran?

Ambassador BURNS. I included Israel, in answer to your question, because I think if you talk to most Israelis these days, and the political leadership, and just average Israeli citizens, this has become an existential question for them. Here you have a President, Ahmadinejad, who says it's the policy of his country to wipe out Israel, wipe it off the map of the world. And he's also the leading Holocaust denier and has held conferences to deny the historical accuracy of the Holocaust.

So, I was in Israel in January, and I talked to Prime Minister Olmert, and I talked to the Foreign Defense Ministry, but just some average people, too. And there's a degree of concern there which is quite palpable. And so, we keep very close to the Israelis. We talk to them frequently. I had a whole strategic dialog with the

Israelis in January on Iraq. And we'll continue that, because we want to assure the Israelis that we think we can cope with this challenge through the strategy that I suggested to this committee today.

Senator CARDIN. Well, I agree with you. The statements of the Iranian leadership in regard to Israel—and, by the way, in regard to the United States—are quite frightening, and we need to take them very, very seriously.

I come back to the point that you have raised over and over again: It's absolutely critical that we get international support, and that Iran understands that it will be isolated if it does not move forward in a constructive way in regards to the borders or Iraq or dealing with—supporting terrorism or their nuclear program.

Senator Voinovich, anything further?

Senator VOINOVICH. I'm finished. I'm just listening.

Senator CARDIN. We will keep the record open for 3 business days for any additional statements and questions.

And, once again, Mr. Secretary, Mr. Ambassador, I want to thank you very much, not only for your appearance here today, but for your extraordinarily record of public service to our country. Thank you very much.

Ambassador BURNS. Thank you, Senator.

Senator CARDIN. The hearing will stand adjourned.

[Whereupon, at 12:45 p.m., the hearing was adjourned.]

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#### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

##### RESPONSES OF UNDER SECRETARY BURNS TO QUESTIONS SUBMITTED BY SENATOR CASEY

*Question.* Please describe the purpose and functions of the Iran-Syria Policy Operations Group (ISOG). Who chairs the ISOG? Which U.S. Government departments and agencies are represented on the ISOG? How often does the ISOG meet? Please detail any working groups that have been established under the auspices of the ISOG, their respective participants, and their respective functions.

*Answer.* The ISOG was established in March 2006 and disbanded in March 2007 in favor of a more standard process of Policy Coordinating Committee coordination. The ISOG provided coordination for interagency implementation of Iran and Syria policy, drafting policy implementation plans, and reporting to senior level policy-makers on U.S. activities to support policy toward Iran and Syria.

The ISOG was cochaired by a representative from the National Security Council staff and a representative from the State Department.

The ISOG participants included individuals from a range of Federal Government agencies that formulate and implement Iran policy, including: The National Security Council staff, State, Defense, Office of Management and Budget, Treasury, and the Intelligence Community.

The ISOG had four working groups which focused on nuclear issues, counterterrorism, regional affairs, and public diplomacy and democracy. The working groups met on a weekly basis until late 2006.

*Question.* Please articulate the history and background of the ISOG. When was it initially formed?

*Answer.* The ISOG was established in March 2006 to tighten interagency coordination regarding Iran and Syria. The ISOG encompassed a series of interagency working groups to coordinate policy implementation. The ISOG was disbanded in March 2007 and interagency coordination reverted to the more traditional Policy Coordinating Committee process.

*Question.* What is the relationship between the ISOG and the State Department's Office of Iranian Affairs?

Answer. The ISOG worked in conjunction with the growing Office of Iranian Affairs until the ISOG was disbanded in March 2007. All actions were coordinated with the office to ensure clarity on foreign policy involving Iran, and the Office of Iranian Affairs cochaired several of the ISOG working groups. The State Department official, who cochaired the ISOG, oversees the Office of Iranian Affairs.

*Question.* Has the President issued a National Security Presidential Directive (NSPD) regarding U.S. policy toward Iran? If so, does the President intend to share this Directive with the U.S. Congress?

Answer. NSPDs are typically confidential communications between the President and his closest advisers on national security and foreign policy. The Department of State does not comment on these communications. We have worked to keep Congress informed of the U.S. Government's Iran policy and will continue to do so.

*Question.* Recent statements by senior officials and official communiques indicate that Egypt and members of the Gulf Cooperation Council are considering the establishment of civilian nuclear programs for peaceful purposes, partly in response to Iran's nuclear program. Significant concern exists that, if Iran's nuclear program continues to progress, these nations may be tempted to use these programs to develop nuclear weapons or, at a minimum, a "virtual" option for a weapons program.

What is the strategy of the U.S. Government to help ensure that other nations in the region do not follow in Iran's footsteps and develop nuclear programs that may spin off into virtual or actual weaponization efforts?

Answer. As Secretary Rice and the President have made very clear, we believe that civil nuclear power will be an increasingly important energy source. States that are members of the NPT and are in good standing should have access to nuclear power, and as long as they abide by their international obligations, the United States wants to support those efforts.

Part of our support for these efforts involves working to ensure that states can gain the benefits of the peaceful use of nuclear power without developing sensitive nuclear technologies. As President Bush stated in his February 2004 speech on Weapons of Mass Destruction Proliferation, "The world must create a safe orderly system to field civilian nuclear plants without adding to the danger of weapons proliferation. The world's leading nuclear exporters should ensure that states have reliable access at reasonable cost to fuel for civilian reactors, so long as those states renounce enrichment and reprocessing."

We have been aggressively pursuing this track. In partnership with other uranium enrichment suppliers, we have proposed an assured fuel supply mechanism that relies on the commercial market with backup arrangements through the IAEA. The IAEA is now producing a report for Board of Governors consideration that addresses this and other mechanisms that have been proposed to provide reliable access to nuclear fuel. In addition, one of the goals of our Global Nuclear Energy Partnership is to provide fuel leasing, which would relieve states from the responsibility of both providing fuel and disposing of it. We believe both these programs provide very positive incentives to countries not to develop reprocessing and enrichment technology.

We have discussed the responsible development of nuclear power with States in the Middle East. These discussions will continue. We believe that it is important that we demonstrate support for the responsible development of nuclear power in the region in order to highlight the irresponsible approach of Iran and to dispel the notion Iran is trying to create that our policy is aimed at preventing less developed countries from using nuclear power rather than curbing Iran's nuclear weapons ambitions.