

Testimony before the Senate Foreign Relations Committee

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Chairman Risch, Ranking Member Menendez, distinguished Members of the Committee, thank you for inviting me to testify today, and thank you for devoting a hearing to discuss America's foreign policy to Iran.

This Administration has implemented an unprecedented pressure campaign with two primary objectives: First, to deprive the Iranian regime of the money it needs to support its destabilizing activities. Second, to bring Iran to the negotiating table to conclude a comprehensive deal, as outlined by Secretary Pompeo in May 2018.

President Trump and Secretary Pompeo have expressed very clearly the United States' willingness to negotiate with Iran, and we are willing to meet with the Iranians without preconditions. No one should be uncertain about our desire for peace or our readiness to normalize relations should we reach a comprehensive deal. We have put the possibility of a much brighter future on the table for the Iranian people, and we mean it.

The comprehensive deal we seek with the Iranian regime should address four key areas: its nuclear program, its ballistic missile development and proliferation, its support to terrorist groups and proxies, and its arbitrary detention of U.S. citizens including Bob Levinson, Siamak Namazi, Xiyue Wang, and others.

A year and a half ago, Secretary Pompeo laid out 12 points that expanded further on the kind of deal we are seeking with Iran. The requirements Secretary Pompeo laid out reflect the scope of Iran's malign behavior. It also reflects the longstanding global consensus as enshrined in multiple Security Council resolutions since Iran's nuclear violations were first addressed by the Council in 2006.

Before we exited the deal, re-imposed sanctions, and accelerated our pressure, Iran was increasing the scope of its malign activity. The Islamic Republic was strengthened by the resources and legitimacy provided by the nuclear deal. Under the deal, Iran was continuing to expand its missile testing and proliferation. We now have newly declassified information related to Iran's missile program that I can share today:

- While the United States was still in the JCPOA, Iran expanded its ballistic missile activities to partners across the region, including Hizballah, Palestinian terrorist groups, and Shia militias in Iraq.
- Beginning last year, Iran transferred whole missiles to a separate designated terrorist group in the region.
- Iran is continuing to develop missile systems and related technologies solely for export to its regional proxies.
- And while we were in the JCPOA, Iran increased its support to Hizballah, helping them produce a greater number of rockets and missiles. This arsenal is then used to target our ally, Israel.

Beyond continued advancements to its missile program, Iran was also deepening its engagement in regional conflicts.

- In Yemen, Iran helped fuel a humanitarian catastrophe by providing funding, weapons, and training to the Houthis. Its support has only prolonged the suffering of the Yemeni people.
- In Syria, Iran supported Assad's brutal war machine as the Syrian regime killed hundreds of thousands and displaced millions. Under the cover of the Syrian civil war, Iran is now trying to plant deep military roots in Syria and establish a forward operating base to attack Israel.
- In Lebanon, Iran uses Hizballah to provoke conflict with Lebanon's neighbors, threaten the safety of the Lebanese people, and imperil prospects for stability.

Furthermore, under the deal, Iran was given a clear pathway to import and export dangerous arms. Two days from now, on October 18th, we will be exactly one year away from the expiration of the UN arms embargo on Iran. Because of the Iran nuclear deal, countries like Russia and China will be able to sell conventional weapons to Iran. The Iranian regime will also be free to sell weapons to anyone. This will trigger a new arms race in the Middle East.

The moment Iran is allowed to buy advanced drones, missiles, tanks, and jets, it will do so. This will be a win for its proxies across the region, who will use such arms to then attack other nations on Iran's behalf. The United Nations Security Council needs to renew the arms embargo on Iran before it expires. We have made this a priority.

Under the Iran deal, the travel ban on 23 Iranian terrorists, including Qassem Soleimani, expires the same day as the arms embargo.

Constraints on Iran will continue to unravel under the deal.

- In four years, the ban on Iran's missile testing will expire.
- And then, in six years, all the provisions of Resolution 2231 will end. Restrictions on Iran's nuclear program, enrichment and reprocessing will also expire, positioning Iran with all the weapons it needs to pursue its revolutionary, hegemonic ambitions.

Our Iran strategy is aimed at reversing these trends. Today, by nearly every measure, the regime and its proxies are weaker than when our pressure began and we are well on our way to restoring the strong international standards that had long guided the world's policy on Iran.

Shia militant groups in Syria have stated to the *New York Times* that Iran no longer has enough money to pay them as much as they have in the past. Hizballah and Hamas have enacted unprecedented austerity plans due to a lack of funding from Iran. In March, Hizballah's leader Hassan

Nasrallah went on TV and said Hizballah needed public support to sustain its operations.

We are also making it harder for Iran to expand its own military capabilities. Beginning in 2014, Iran's military budget increased every year through to 2017, when it hit nearly \$14 billion. However, from 2017 to 2018, when our pressure went into effect, we saw a reduction in military spending of nearly 10 percent. Iran's 2019 budget, which was released in March, called for even steeper cuts, including a 28 percent cut to their defense budget and a 17 percent cut for IRGC funding.

The IRGC's cyber command is now low on cash, and the IRGC has told Iraq's Shia militia groups that they should start looking for new sources of revenue. Now, because of our sanctions, Iran will be unable to even fully fund this skinny budget for 2019.

Iran's economy contracted by about 5 percent last year and this year will shrink by more than 10 percent. We estimate it could contract by as much as 14 percent, sending Iran into a deep depression. Iran is now tapping unconventional sources—like privatizing state assets and drawing on its sovereign wealth fund—to make up for the shortfall. Iran is being forced to choose between printing more money or delaying spending on infrastructure development, salaries, and benefits.

Iran has a choice: it can act like a country, or it can act like a cause. Iran must change its behavior and act like a normal nation or it will watch its economy crumble.

Our policy is at its core an economic and diplomatic one. We are relying on economic pressure and the might of American diplomacy to raise the costs on Iran and force meaningful behavior change.

Iran, however, has responded to this policy with violence.

In recent months, Iran has launched a series of attacks in a panicked bid to intimidate the world into halting our pressure. Iran was responsible for the attacks at the Port of Fujairah, the assault on two oil tankers in the Gulf of Oman, and the attack on Saudi oil facilities at Abqaiq.

Iran should meet diplomacy with diplomacy, not with terror, bloodshed, and extortion. Our diplomacy does not entitle Iran to undertake violence against any nation or to threaten maritime security.

This Administration does not seek armed conflict with Iran. We have been equally clear to the regime that we will defend our citizens, forces, and interests, including against attacks by Iran or its proxies.

We stand with our partners and allies to safeguard global commerce and regional stability, and have taken appropriate steps to enhance the regional defense architecture. Our aim is to deter conflict and support our partners.

The Islamic Republic is also engaging in its longstanding practice of nuclear extortion. Iran's message to the international community is clear: if you do not allow us to conduct our normal level of terror, then we will behave even more badly until you do. It has long used its nuclear program in this way and for this reason. The world ought to recognize this extortion when it sees it.

Iran's recent accelerations of its uranium enrichment reminds us of the deficiencies of the Iran nuclear deal. Iran's nuclear threats are made possible by a plan that left Iran's nuclear capabilities largely intact and that seems to have encouraged Iran to dream of the day when key limits on its nuclear program would evaporate, allowing it to prepare for rapid breakout.

I should also emphasize, Mr. Chairman, that the problems presented by Iran's provocative threats to begin building up its stocks of nuclear

material – and the actions it is already taking to expand its uranium enrichment centrifuge research and development, and to produce more heavy water – are problems that the world would have faced anyway, in a few years’ time, under the terms of the JCPOA itself.

Had we stuck to the JCPOA until those dangerous Iranian provocations were actually permitted by the JCPOA, we would be less prepared to meet the threats Iran presents. In that intervening period, Iran would have continued on the trajectory it was on until the United States’ re-imposition of sanctions pressures: amassing revenue from abroad because the deal encouraged business with Iran, while funneling maximum effort and money into missile development, missile proliferation, support for terrorism, and regional destabilization. The Iran we would have faced then would be much more formidable than the Iran we face today.

We must learn from past mistakes and demand comprehensive and permanent restrictions on Iran’s activities in any new deal.

We can look to a recent tragedy to show nations can pressure Iran to change. When Sahar Khodayari, an Iranian woman, died from self-immolation after she was sentenced to prison simply for attending a soccer match in Tehran. Together with international outrage and condemnation, FIFA challenged the regime’s policy of prohibiting women from attending matches. As a result of international pressure, Iran agreed to permit women to a match last week, even though the authorities kept the women segregated in a separate section.

When the world comes together to push back against Iran, we see change in its behavior. This administration will do its part, and we are succeeding in having others join us. Late last month, France Germany, and the United Kingdom called for Iran to accept negotiations on its nuclear program, ballistic missiles, and regional activity. The E3 now agree with us that a new deal is needed. Secretary Pompeo and I have

made clear to our allies and partners that we will continue to stand with them against Iran's violence.

Looking forward, our pressure will continue to deny Iran access to the revenue streams it needs to destabilize the Middle East. As we raise the costs of Iran's expansionism and foreclose the possibility of prolonging the status quo, Iran will continue to find its violence will only earn it isolation and censure.

We seek a comprehensive deal that sets our two peoples on a new trajectory toward a far more peaceful and stable relationship. We remember that the longest suffering victims of the Iranian regime are the Iranian people. The last 40 years of Iran's history are a sad tale of corruption and the oppression of a once-vibrant people. The United States stands with the Iranian people in their deep desire that the next 40 years of Iran's history will not be stained by repression and fear of the clerics' cruelty. We wish nothing more for the Iranian people a future with by a truly representative government and friendship with the American people.

Chairman Risch, Ranking Member Menendez, and other Members of the Committee, I thank you again for the opportunity to testify before you. I welcome the opportunity to answer your questions.