

WRITTEN STATEMENT
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SENATE COMMITTEE ON FOREIGN RELATIONS
“Status of Negotiations with Iran”
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Good morning, Mr. Chairman, and Senators. I am pleased to be here and appreciate the opportunity to discuss with you the status of negotiations related to Iran’s nuclear program.

Although there are many aspects of these deliberations that I will discuss today, the participants have agreed that, to give this process the best chance of success, we will refrain from speaking in public about the specific details of the negotiation. With that caveat, I will be as frank as possible. President Obama, Secretary Kerry, and the entire administration understand how vital a role Congress and this Committee play in shaping U.S. policy towards Iran. We remain committed to regular consultations, to hearing from you, and to sharing ideas. We all have the same goal, which is to make the world a safer place both in the near future and for generations to come.

To that end, we seek to negotiate a comprehensive plan of action that, when implemented, will ensure that Iran cannot acquire a nuclear weapon and that Iran’s nuclear program is exclusively peaceful. A good deal will be one that cuts off the various pathways Iran could take to obtain a nuclear weapon: a uranium pathway, through its activities at Natanz and Fordow; a plutonium pathway, through the Arak heavy water reactor; and a covert pathway. It will therefore need to include tight constraints and strict curbs on Iran’s program, and enhanced monitoring and transparency measures to ensure that any attempt to break out will be detected as quickly as possible.

In Vienna, two weeks ago, we decided to continue our work towards our goal by extending the terms of the previously-negotiated Joint Plan of Action for four more months – until November 24. I will have more to say about that decision in a minute, but first let me review how we arrived at this juncture.

Rallying the International Community

In 1968, Iran signed the Nuclear Non-Proliferation Treaty, which required it to allow International Atomic Energy Agency (IAEA) inspections and to develop nuclear power only for peaceful purposes. However, over the past 20 years, it became apparent that Iran's government had engaged in a variety of undeclared nuclear activities. As detailed in numerous IAEA reports, these activities covered the full spectrum of the nuclear fuel cycle and suggested an intent that was far from peaceful. Iran also built a secret enrichment facility at Fordow and, in Arak, a heavy water reactor ideal for producing weapons-grade plutonium. Meanwhile, Iran was conducting research of a type that could facilitate the eventual construction of a bomb. These actions placed Iran in clear violation of its international nonproliferation obligations.

In 2009, when President Obama took office, he indicated America's willingness to engage directly with Iran to find a diplomatic solution, but Iran failed to respond positively, thus demonstrating clearly that the obstacle to a comprehensive resolution was in Tehran, not in Washington. Working together, the administration and Congress then constructed a much tougher bilateral and multilateral sanctions regime, even as we continued to offer Iran a diplomatic pathway to resolve our concerns about its nuclear program. The international community, having witnessed our decision to give diplomacy a chance, was increasingly supportive, and their efforts to comply with – and amplify – our sanctions have proved crucial in ramping up the pressure on Iran.

In June 2010, the Security Council approved stricter curbs on Iran's nuclear and shipping activities and barred Tehran from purchasing heavy weapons such as attack helicopters and missiles. In July of that year, the European Union (EU) prohibited joint ventures with Iran's petroleum sector and banned the sale of equipment used in natural gas production. In subsequent months, the EU tightened sanctions on banking, energy, and trade; outlawed transactions involving Iran's financial institutions; and embargoed the purchase of Iranian oil.

These stiffer multilateral sanctions were complemented by additional bilateral measures – imposed by the United States and a number of other countries – that targeted Iran's economy in general and its financial and energy industries in particular. The cumulative weight of these restrictions contributed in Iran to more than halving oil exports, rising inflation, a sharp decline in the value of the local currency, and higher unemployment.

Sanctions, however, are a means, not an end. The key question was what impact they would have on Iran's decision makers and whether they would choose to engage.

The Joint Plan of Action

In June 2013, Hassan Rouhani was elected president of the Islamic Republic with a popular mandate to fix the economy, a goal that will only be fully achievable if nuclear-related sanctions are lifted. Last September, a telephone conversation between Presidents Obama and Rouhani – spurred in part by earlier and direct diplomatic contacts at a lower level – set the stage for a restart of formal negotiations between Iran and the P5+1.

On November 24, 2013, after several rounds of intensive negotiations with Iran, we reached consensus on a Joint Plan of Action (JPOA), a mutual set of commitments that halted the advance and even rolled back parts of Iran's nuclear program. The implementation of the JPOA started in January and was originally scheduled to last six months. In that time, Tehran pledged to cap its stockpile of low-enriched uranium. It agreed to stop enriching uranium to 20 percent and to convert or dilute its stockpile of uranium that had already been enriched to that level. It promised not to fuel or install remaining components at the research reactor in Arak. It consented to increase its transparency by providing additional information and managed access to key sites by the IAEA. And it allowed inspectors to have daily access at the Natanz enrichment facility and the underground plant at Fordow. In these past six months, the IAEA has verified that Iran has complied with its commitments; it has done what it promised to do. In addition, the JPOA has provided time and space to negotiate a more comprehensive, long-term solution by keeping Iran's program from making more progress during that period.

Vienna

Meanwhile, from January to July, the negotiating teams were hard at work in search of a durable and comprehensive settlement. Based primarily in Vienna, our discussions on all issues were serious and exhaustive. Our experts spent hundreds of hours engaged in dialogue about the technical details. We made tangible progress in key areas, including Fordow, Arak, and IAEA access. However, critical gaps still exist on these and a number of other important elements – including the pivotal issue of uranium enrichment capacity – that must be part of a comprehensive plan.

Under the current four month extension, the commitments under the JPOA will remain in effect. And, in fact, Iran has agreed in the time ahead to substantially increase the pace at which it is turning its stockpile of 20 percent enriched uranium oxide into fuel plates, including 25 kilograms over the next four months. That will make it much harder for that material ever to be used for a weapon. Iran will also mix depleted uranium with its inventory of up to two percent enriched uranium. The result is essentially a dilution of approximately three metric tons of material to its natural state and a step further away from the kind of highly enriched uranium that could be employed in a nuclear weapon.

In return, the P5+1 and EU will continue to suspend the narrow group of sanctions that we committed to suspend when the JPOA was negotiated and will allow Iran access to \$2.8 billion dollars of its restricted assets, the four-month prorated amount of the JPOA.

To sum up, under the JPOA, instead of becoming more dangerous over time, Iran's nuclear activities have been more constrained, more closely inspected, and more transparent. This is the first true freeze in Iran's nuclear program in nearly a decade.

Meanwhile, sanctions relief for Iran will continue to be targeted and limited to amounts that will do little, if anything, to heal Iran's deep-seated economic ills. From the perspective of international investors, Iran will remain closed for business. The overall sanctions regime will still be in place. Iran will continue to be cut off from the global financial system. Iran's oil sector will still be negatively affected by sanctions, as will Iran's currency. All told, we have sanctioned nearly 680 Iranian individuals and entities under our Iran sanctions authorities. And as we have demonstrated in the past few months, and throughout the past half dozen years, the Obama Administration will continue to enforce sanctions rigorously and thoroughly.

We will also not hesitate to put pressure on Iran when that is warranted -- whether in relation to the government's abysmal human rights record, its support for terrorism, its hostility towards Israel, or its detention of political prisoners. Engagement on one issue does not require -- and will not lead to -- silence on others. As I have noted repeatedly, we continue to press Iran to allow U.S. citizens Amir Hekmati and Saeed Abedini to return to their families as soon as possible, and to help us locate Robert Levinson, who went missing in Iran in 2007. We are also concerned about reports of Washington Post reporter Jason Rezaian's

detention in Iran, along with two other U.S. citizens and the non-U.S. citizen spouse of one of the three. We call on the Iranian government to immediately release Mr. Rezaian and the other three individuals as soon as possible.

Let me emphasize that the decision to extend the nuclear negotiations was taken only after careful thought. Each of the countries represented in Vienna, when weighing both sides of the issue, believed that it continues to be in our interest to identify a mutually acceptable framework. We did not want to allow impatience to prevent us from doing all we could to contribute to the future security and safety of the Middle East.

America's Commitment

I stress that these negotiations are fully in keeping with the administration's fundamental position. As President Obama has affirmed on numerous occasions, the United States will not allow Iran to obtain a nuclear weapon. That policy was in place prior to this negotiation; it is in place now; and it remains our solemn commitment. Because of the manner in which these negotiations have been structured and the pressure Iran continues to feel, Iran's leaders have a strong and ongoing incentive to reach a comprehensive resolution. If they cannot do that, then we will respond with greater pressure and with greater backing from the international community to do so because of our consistent and good faith efforts to resolve this situation diplomatically.

Looking Ahead

Mr. Chairman, our purpose in entering these negotiations was to test Iran's unambiguously stated and often repeated commitment to an exclusively peaceful nuclear program. Accordingly, we have proposed a number of pathways whose elements would, in fact, give the world confidence that Iran's program is and will continue to be exactly that. As we have said from the beginning, this is a negotiation where every element of a resolution must come together in order for any aspect to work. It would not make sense to foreclose one route to a nuclear weapon and leave a second avenue untouched; nor would it be sensible – given Iran's history of illicit conduct – to equate Iran's promises with actions. We need far-reaching and tangible commitments on all fronts. That is the only way.

Final Thoughts

The next four months will allow us to determine whether a diplomatic solution is possible. As we have said many times, from the perspective of the United States, no deal is better than a bad deal. And yet, let us not forget that a comprehensive resolution, if we are able to arrive at one, will benefit people everywhere. It will ease anxiety and enhance security throughout the Middle East. It will reduce the likelihood of a nuclear arms race in the region. It will eliminate the potential threat of nuclear blackmail. It will contribute to the security of Israel, the Gulf states, and our partners throughout the region. Compared to any alternative, it will provide a more comprehensive, lasting, and peaceful solution to the concerns generated by Iran's nuclear activities.

Mr. Chairman and members of the committee, after our intense deliberations in Vienna these past six months, we believe strongly that it is worth taking additional time to pursue these very complicated and technical negotiations. We wouldn't have agreed to an extension if we did not have an honest expectation that we have a credible path forward; but we would have finished long ago if the task were simple. We still have work to do. We still have time to determine whether we can close the gap between what Iran has said it intends and what it is willing to do.

From the outset, these negotiations have been about a choice for Iran's leaders. Officials in Tehran can agree to the steps necessary to assure the world that their country's nuclear program will be exclusively peaceful, or they can squander a historic opportunity to end Iran's economic and diplomatic isolation and improve the lives of their people.

Meanwhile, all of our options remain, as does our determination to resolve one of the most pressing national security issues for America, for the region, and for the world.

In closing, I want to say to you on behalf of the entire administration that we welcome your thoughts, thank you for giving diplomacy a chance to succeed, respectfully solicit your support, and will be pleased to respond to any questions you might have.