Mr. BURNS . Mr. Chairman, thank you very much. Ms. Ros-

Lehtinen, thank you very much, and distinguished members of the

committee. I have learned a lot just in listening to the comments

that the various members made, so thank you for them. I will try

very hard to respond directly to each of the concerns that have

been raised. There is a lot of overlap I think in these concerns.

I will spare you reading my entire testimony. I submitted it last

evening. You have it before you, Mr. Chairman.

Mr. BURNS . Thank you.

I thought I would take the opportunity to just give you a summary

of the major outlines of our policy toward Iran, how we are

trying to use multiple points of pressure to drive Iran to a position

where it wants to negotiate and not seek confrontation with the

rest of the world, particularly over its nuclear weapons ambitions.

I will try to do that as briefly as I can so that you will have a

chance to ask the questions that you want to ask.

I would say, Mr. Chairman, that our country faces a series of

four interconnected crises in the Middle East. We have the imperative

of achieving a democratic and stable and peaceful Iraq. We

have the imperative of strengthening the democratically elected

Government of Lebanon against those like Iran, Syria and

Hezbollah who would seek to overturn that government.

We have the necessity of establishing the foundation of a final

peace between the Israeli and Palestinian people, and we are working

on that as Secretary Rice has told you. Finally, we need to

block and counter Iran’s nuclear ambitions and its regional ambitions,

and many of you have spoken to those ambitions as they

have expressed themselves.

This region of the Middle East is now without any question in

my judgment the area of greatest importance to our country. It is

where our critical national interests are engaged.

Beyond our responsibility to help stabilize Iraq, nothing is more

vital to the future of our country and of our role and interest in

the Middle East than addressing the challenges posed by the Government

of Iran, whose public face of course is this vitriolic presence

of President Mahmoud Ahmadinejad.

This has been a problem of long standing for our country. It goes

back to President Carter’s administration, and it involves every administration

since. How to deal with Tehran’s confrontational ideology,

its blatant anti-Americanism. Never have our concerns regarding

Iran’s intentions been more serious nor the intricacies of

Iranian politics more significant and the policy imperatives more

urgent than they are today.

We believe the Iranian Government has embarked on a dangerous

course. It has repeatedly defied its obligations to the United

Nations and to the International Atomic Energy Agency. Its rhetoric

has been appalling and has reached standards that we have

not seen since the fascist powers of the 1930s and 1940s.

President Ahmadinejad has declared that Iran’s nuclear program

has no brakes, and the Iranian regime has brazenly disregarded

what Mohamed ElBaradei, what first Secretary General Kofi

Annan and now Secretary General Ban Ki-moon say are the responsibilities

and obligations of a peaceful and constructive country.

They have refused specifically to suspend their enrichment and

reprocessing activities at their plant at Natanz, which is the condition

for sitting down to talk to them.

Now we are joined by the great majority of countries around the

world in opposing this nuclear weapons ambition. I have been the

liaison to the Chinese and Russian and European Governments for

2 years now, and I have never encountered a single individual in

any of those countries who believes that Iran’s intentions are

peaceful in going ahead with its nuclear research. All of us assume

that its intentions are to develop a nuclear weapons capability.

Iran in this fashion has ignored what has been I think the most

significant offer made by any American administration in the past

27 years, and that is to sit down and negotiate on the nuclear

issue.

When Secretary Rice announced last June, along with the Foreign

Ministers f Russia, China, Britain, France and Germany, that

together the six of us were willing to sit down with the Iranian

Government, and she said she would sit down personally with

them, we said that they had to do one thing—suspend their enrichment

program—because we didn’t want to be in a position where

we would negotiate, and Congressman Rohrabacher made this

point, and at the same time allow them to continue down the path

to achieve a nuclear weapons capability, to develop fissile material

or to produce a nuclear warhead.

So this is a condition not imposed by the United States. It is a

condition imposed by the United Nations Security Council. It was

written into the resolution, the chapter 7 sanctions resolution that

we passed just before Christmas.

In the last week I have had three conversations with the representatives

of all those Governments—China, Russia and the

three European Governments—and we have committed to each

other that we will now pass a second chapter 7, article 41, Security

Council resolution.

In fact, the formal deliberations for that resolution began last

evening in the United Nations Security Council. They continue

today, and our Ambassador, Alex Wolf, our acting Ambassador, is

in charge of those negotiations for the United States.

I will tell you that I am very pleased by the constructive attitude

of Russia and of China and of the European countries. We have not

yet agreed on the specific nature of the sanctions for this second

resolution, but we have agreed that we must answer this blatant

disregard for its obligations that Iran has shown, and we hope that

this resolution can be passed as quickly as possible.

What I think is very interesting is last week the Government of

India and the Government of Brazil both announced implementing

measures to put their own sanctions on Iran because they are

members of the United Nations General Assembly and they have

to because these sanctions are mandatory under chapter 7.

So Iran is in a position where it is one now of only 11 countries

in the entire United Nations out of 192 that are under sanctions.

It has been that spotlight, and here I would just have to disagree

very respectfully with some of the comments made. It is those sanctions

that have worried the Iranian Government.

When they were passed in December I did not anticipate that

they would have the impact that they have had, but they have had

an impact. This is not monolithic political culture in Iran. It is a

highly divided and I would say fairly tumultuous political environment

where just yesterday the former President, Ali Akbar

Rafsanjani, excoriated President Ahmadinejad for his handling of

Iran’s economic policies, where just 3 weeks ago the newspaper devoted

to the Supreme Leader, Ali Khamenei , criticized President

Ahmadinejad for his handling of a nuclear issue because now when

you have India and Brazil and Egypt also sanctioning Iran, as you

do the United States and our Perm Five colleagues, Iran is cornered

and isolated diplomatically.

So I would argue to you that this diplomatic process of trying to

use the United Nations and trying to use a multilateral framework

for negotiations is the right path for the United States.

Many of you talked about some of the other problems that Iran

is projecting to the United States and the rest of the world. Iran

is endeavoring to sew violence and instability in the Middle East.

In fact, it is the central banker for Middle East terrorism. It is the

funder for Hamas and Hezbollah. It was responsible for providing

the long-range rockets that rained down on the people of Northern

Israel in Haifa and other cities last summer.

Iran is a country that does not stand for peace between the Palestinians

and Israelis, and when the Hamas leader visited Tehran

this morning it is true, and one member said this, that President

Ahmadinejad apparently said, if we are to believe the press reports,

that Hamas should continue its violent attacks on the Government

of Israel.

It is the only country in the Middle East that has consistently

not supported the Middle East peace negotiations, consistently supported

instead the Middle East terrorist groups, so we are responding

here to a broad set of challenges on the nuclear front, the terrorism

front and on Iran’s very obvious campaign to become the

dominant country in the Middle East as we see it flex its muscles

on the international stage.

These are great challenges for our country, Mr. Chairman, but

we believe, and I certainly believe personally, that a concerted diplomatic

approach is the best strategy for our country in dealing

with these interconnected problems.

You will remember just a few months ago just after the congressional

elections in our own country Iran appeared to be riding high.

It had had this self-proclaimed success in unleashing Hezbollah on

the people of Israel this past summer, which we opposed. It appeared

to be unimpeded in its nuclear weapons ambitions.

It appeared not to be paying any price for absorbing any cost for

this behavior, but in the closing months of 2006 and certainly in

the last 2 months the United States has taken a series of significant

steps to contain Iran’s regional ambitions and to press it in

a very tough way on the nuclear issue.

We have coordinated a series of diplomatic steps with our friends

around the world in order to try to knock Iran off its stride. We

believe this strategy is beginning to succeed. It hasn’t fully succeeded.

It needs to play out over a certain period of time. We ought

to have the patience to see diplomacy play out because we do have

time to allow that to happen.

Let us just review where we are. We are pushing on Iran in the

United Nations Security Council, as I have said, and we will continue

to do that. Many of you talked about the financial measures

that have been successful and—Congressman Tancredo and others

talked about this—that need to be successful against Iran.

The Department of Treasury has used its Patriot Act 311 authority

now to sanction two Iranian banks, Bank Saderat and Bank

Sepah, and Secretary Paulson and Deputy Secretary Kimmitt have

used the moral authority of the United States to try to send out

a message to the international banking community that it

shouldn’t be business as usual with the Iranian private sector, that

there are risks associated with that.

Three major European banks in the past year have cut off all

lending to Iran as a consequence, and I think the Iranians are worried

about this policy of the United States Government to press forward

on the financial end, not just on the nuclear and terrorist

side.

It is also true that in Iraq, Iran continues to provide lethal support

to select groups of Shiite militants who target and kill American and British troops, as well as innocent Iraqis. We have made

clear to the government in Tehran that this is absolutely unacceptable.

President Bush announced in January that our troops on the

ground in Iraq will now act to disrupt those Iranian paramilitary

networks in Iraq itself because they are providing these deadly

weapons to these Iraqi groups. Our actions are consistent with a

mandate that we have from the United Nations to be present in

Iraq and from the commitment that we have to the Iraqi Government

that we will take all necessary measures to contribute to the

maintenance of Iraq’s peace and Iraq’s security.

We believe that we have an absolute obligation to the young men

and women of our armed forces to protect them against a government

that would spirit weapons into the country, these explosive

devices, these very sophisticated explosive devices that are used,

armor piercing, to attack our soldiers.

We are also working with France and with Saudi Arabia and

with Jordan and Egypt to try to support Prime Minister Siniora in

Lebanon. It is unacceptable that a government like Iran would seek

to overthrow, using as a proxy Hezbollah, a democratically elected

government in the Middle East.

And so, Mr. Chairman, we are trying to proceed with multiple

points of pressure against the Iranian Government, and the object

is to drive up the cost of its behavior, to isolate it and to hopefully

contribute to a debate within the Iranian system that they are far

better off seeking a peaceful diplomatic approach with the United

States, to Europe, to the Arab countries, than they are with their

current confrontational approach.

We are acting very vigorously to isolate the Iranian Government

in this regard. I would also say that we have agreed that we need

to seek opportunities when they arise to use our influence in the

Middle East to create an environment that will be more conducive

to peace and stability.

And so that is why the President and Secretary Rice have asked

Ambassador Khalilzad to participate in this meeting this Friday

hosted by the Maliki government with the United States, with

countries from Europe, with Iran and Syria, to try to bring peace

to Iraq, to try to send a message that every one of those countries,

particularly Iran and Syria, have a self-interest and obligation to

use their influence for peace, for an end to the fighting among the

ethnic groups there and to secure stability at long last in Iraq

itself.

That is a point of contact that makes sense for our country, and

of course Secretary Rice has said that she will personally be

present at the negotiations if they materialize on the nuclear issue

in the future.

Mr. Chairman, I just conclude by saying that it is my judgment

that diplomacy is the best course of action in blocking and containing

the Iranian regime. I do not believe that a military confrontation

with Iran is either inevitable or desirable.

If we continue a skillful, patient, energetic, diplomatic course and

we have the patience to play it out over the mid to long term I am

confident we can avoid a conflict, and we can see this larger American

strategy in the Middle East vis-a` -vis Iran succeed.

Our strong hope is that Iran will now turn away from its

confrontationist policies and will seek to negotiate with us and the

other countries to give up its nuclear weapons ambitions and to use

its influence in the Middle East for peace and stability in Iraq, in

Lebanon, in the Palestinian territories and in Israel itself.

I wanted to say those few words, Mr. Chairman. You have my

full testimony. I will not cover more of it, but I look forward to responding

to the questions and comments of you and your members.

Mr. BURNS . Mr. Chairman, thank you for your question. I would

have to say with all respect that I have great admiration for Ambassador

Schwab and her leadership of USTR.

While I am not familiar with the details of this particular case

and have just now heard about the letter you have sent to her, I

am sure that everything that USTR is doing is consistent with our

policy of applying financial pressure on the Iranian Government.

Mr. BURNS . Mr. Chairman, I will be happy to go back and look

at exactly where we think the Malaysia deal is, but our impression

is that on the Malaysia deal, the proposed major Chinese investment,

the proposed Royal Dutch Shell investment that some of the

members talked about, these are all preliminary in nature.

What we have done is in each of these cases go to the companies,

but also the governments of the companies, and say that we are opposed

to these long-term oil and gas deals with Iran.

We don’t believe that countries should exercise a business as

usual practice with Iran. We are vigorously opposed to them, and

we will continue to use our diplomatic influence to convince them

not to go forward.

I think you are right, Mr. Chairman, in your larger point, as I

understand it, that now is not the time to reward the Iranian Government

for this abhorrent international behavior. In fact, if we are

to pass a second Security Council resolution as soon as possible,

and I think we will, the message is expand the sanctions against

Iran, make the pressure more meaningful, make it hurt so that the

Iranians know that they are not going to get away with creating

a nuclear weapons program and have the world just stand by and

watch because that is not our attitude.

Mr. BURNS . Mr. Chairman, with your permission I would just

like to say one more word if I could about your first question and

say that I am convinced that we do have a united Executive

Branch approach to Iran that of course includes the great work

being done by Ambassador Schwab.

Here is the difficulty that we have faced, and I think the Clinton

administration faced it as well pertaining to Iran. The irony here

is at a time when the United States has had sanctions in place for

the better part of three decades, all of our allies are trading with

Iran. That is true of every member of the European Union. It is

true of Japan, our best allies in the world.

What we have to do is convince them that they need to act in

their national Parliaments to stop that business as usual approach.

For instance, in the negotiations that are underway now in the

United Nations, the United States and many other countries are

going to press for a reduction in export credits. This is a government

approach in Japan and the European Union to encourage

trade with Iran.

In 2005, there were $22 billion worth of export credits from the

OECD countries to stimulate trade with Iran. We are beginning to

see Japan, Germany, Italy reduce those export credits. That is a

positive trend.

On your second question, and I know that Congresswoman Ros-

Lehtinen is also concerned with this because I have talked with her

about it in the past. I would just say this: We support the extension

of the Iran Sanctions Act. We oppose energy investments by

any country or company with the Government of Iran for obvious

reasons and will continue to do that. We have a very active policy

underway to talk to the CEOs of these companies, as well as the

prime ministers of the countries.

We do believe, as Secretary Rice has said to this committee and

others, that the Iran Sanctions Act is a deterrent. It was very interesting

when Royal Dutch Shell announced the preliminary

agreement and then came out 48 hours later with a public statement

saying they had to reflect on that preliminary agreement because

they had received so much of a kickback frankly from our

Government, as well as Members of Congress and people around

the world.

So we would hope that we would be able to encourage Japan and

the European countries and the Russian Federation and China to

reduce their economic activities with Iran. We also believe, and

here is the point where we probably have a disagreement with

some members of this committee, that if the focus of the United

States’ effort is to sanction our allies and not sanction Iran, that

may not be the best way to maintain this very broad international

coalition that we have built up since March 2005 when we first decided

that we would support these nuclear negotiations with Iran

itself.

I think, to defend our administration, one of the accomplishments

of the last 2 years is that we have Russia and China and

Europe united on a common approach to squeeze the Iranians, and

if we start focusing our attention on them and not on the Iranians

it might undercut that coalition.

That is what I said in testimony last year. That is what Secretary

Rice has told you, and I would respectfully put that point

forward again today.

Mr. BURNS . Congressman Smith, thank you very much. Let me

just try to respond to your questions very briefly.

You are right to focus on the internal situation. It is a very fractious

country. The Baluch minority, the Kurdish minority, the

Azari minority, as you know, have not always been happy to be living

under this regime, nor should they be.

We have seen a great deal of restiveness among those groups

over the last few months and particularly in Tehran itself where

sometimes we have an image of a forbidding country like this of

being monolithic. As I said in my remarks, it is anything but.

There is a great political debate underway as far as we can tell

in Iran. We have seen it at the highest levels of the government.

President Ahmadinejad has made a series of mistakes. He has literally

painted Iran into a diplomatic corner with the outrageous

comments, and you referred to them, about the State of Israel and

about the Holocaust. He has embarrassed the country. There is no

question that many Iranians feel that are expressing that in their

own system.

I was remiss in not saying in my summary remarks that we are

grateful to the Congress for the funds that you gave us last year

to try to promote civil society and democracy inside Iran. We have

tried to use those, and Congressman Boozman talked about it, to

build up VOA’s capacity to broadcast into Iran, as it now can,

longer than 8 hours a day; Radio Farda, which is on most of the

day in Persian into Iran.

We also have initiated exchange programs. If our Governments

can’t meet and have formal diplomatic relations, and we haven’t

had that with Iran since 1979—a long time—our peoples need to

meet each other and so we asked the United States national wrestling

team to travel to Iran in January. It did. It received a rapturous

welcome from a crowd. Of course, it is the national sport of

Iran.

We have invited now the Iranian national team to come to the

United States. We will bring more Iranians—disaster relief experts,

health professionals—to our country using funds provided by the

Congress.

This is the right policy for us. If we can’t and don’t want to engage

Ahmadinejad directly because of his reprehensible views and

policies we can certainly engage the Iranian people, so we are asking

in our fiscal year 2008 budget the Congress for $108 million for

the totality of these democratic outreach programs, and we hope

that the Congress would see its way toward fully funding them.

Second, I would say, Congressman, on the Human Rights Council

it is true that the administration has decided not to seek a seat on

the Human Rights Council this year. I know it was Secretary Rice’s

very strong view that that council discredited itself last summer.

It spent the entire year slamming Israel, four separate hearings by

the Human Rights Council of the U.N. against Israel, but not

against Burma and not against Zimbabwe and not against North

Korea and not against Iran.

You are right to call attention to the deplorable human rights

practices inside Iran of the government. Today we released, because

Congress of course under congressional mandate, our annual

Human Rights Report. We have sent it to every member. There is

a very stark set of accusations that we make against the Iranian

Government, and I would be happy to talk about that if you would

like.

Finally, Congressman, you refer to the Quds Force. We are certain

that over the last 2 years the Quds Force has been active inside

Iraq and providing these EFPs, explosively formed projectiles,

to Shia militant groups. These are armor piercing, and we do believe

they are responsible for the deaths of over 170 of the 3,100

Americans who have died in Iraq.

That is a very serious charge to make. We have made it because

we are certain of the facts. We have sent messages as early as 18

months ago through the Swiss Government, our intermediary

power in Tehran, to the Iranian Government asking them to cease

and desist. The British Government has done the same. It is our

obligation to help protect our soldiers and to take this issue on as

squarely as President Bush has done so.

Finally, Congressman, you are right to focus on Ahmadinejad.

Frankly, we haven’t I don’t believe as a government or with the

Europeans and others looked at the Genocide Convention, but his

comments are the most appalling comments that I can remember

a world leader making about another state in many years, and I

think they have received the just criticism of the international community,

and I will continue.

Mr. BURNS . Congressman Ackerman, I was in 2003 at NATO. I

was not working on the Iran issue obviously and so I have no personal

knowledge whatsoever of what I have now read about in the

newspapers over the last month as this reputed offer by the Government

of Iran.

I can tell you that you have seen the comments of the people who

were in positions of authority at the NSC, including Secretary Rice.

Mr. BURNS . Well, I can tell you we were fully occupied at NATO

in 2003. Obviously this is an issue of great interest.

Mr. BURNS . It is an issue of great interest, and the people who

were at the NSC and the State Department at the time in positions

of responsibility have spoken to this.

I think the totality of the people who have spoken, including Secretary

Rice, the totality of views is that our Government was not

at all sure that this was a legitimate offer of the Government of

Iran.

Mr. BURNS . I think that is what a number of people have said,

and this is absolutely part of the MO of the Iranian Government

to send up lots of flares.

Mr. BURNS . If you are asking for my personal view, I think it

really is much ado about nothing. I will tell you why.

What the Iranian Government does very consistently, especially

when they are about to be sanctioned as they are in the coming

weeks at the Security Council, is they send out lots of emissaries,

they make lots of public statements, and half of them are rubbish.

Mr. BURNS . Because we would be able to verify that they have

met the condition for the negotiations. This is the P5 offer, that

they would suspend their enrichment programs to negotiate their

nuclear future, and that would be——

Mr. BURNS . That would be verified by Mohamed ElBaradei.

Mr. BURNS . I think the present opportunities before us are interesting

enough to contemplate. Frankly, rather than go back and

argue about what may or may not have happened in 2003, we have

the opportunity now to sit around the table with them Friday in

Baghdad to talk about stability in Iraq. We have the possibility

that they will meet the conditions of the P5 to negotiate the nuclear

issue.

We are fully occupied with that, and most of us just weren’t

around in our current positions in 2003, frankly, to spend too much

time looking at that when we have these major opportunities with

Iran perhaps in the future.

Mr. BURNS . Congressman, thank you. Our position is that we

have not dealt with the MEK, and we have treated it as a terrorist

organization.

You are right that there has been a debate in our country about

how we should approach the MEK. Some people believe that the

MEK could be an instrument against the Government of Iran, but

our view is that they have been involved in violent activities

against the United States and our military in the past and should

be treated accordingly.

Mr. BURNS . I am not aware of any such change.

Mr. BURNS . Congressman Rohrabacher, we are primarily concerned

with those forces that we can see that are providing technology

to kill our soldiers. We know that the Iranian Government

has provided that technology, as President Bush said back on January

In terms of the Sunni violence, our impression is that much of

it is produced by Sunni insurgent forces, Sunni internal forces, terrorist

forces, and also by al-Qaeda in Iraq. Its activities are well

known. We would never accuse our friends and our partners in

Saudi Arabia or other countries with aiding and abetting those

groups to attack American soldiers.

Mr. BURNS . Thank you for the question, and I understand why

you are asking it because it is an important question.

We had high hopes for the Human Rights Council. We were

among the leaders in creating it back in 2005 and 2006. You remember

that time when we recreated many of the U.N. institutions

because the Human Rights Commission, its predecessor, had been

so frankly poor in what it did, so discredited.

All that Council did in 2006, the new Council, was to bash Israel.

We repeatedly tried to use our influence on that Council to try to

get them to focus on the real human rights violators in the world,

and it wouldn’t.

Mr. BURNS . Thank you, Congressman. I just wanted to say, if I

could, on the human rights question that we understand that the

United States has an obligation to be a leading voice on human

rights, and we understand that tradition goes back to Eleanor Roosevelt

at the United Nations and the U.N. Declaration of Human

Rights.

Secretary Rice has directed that we be as active as we can be on

the issue of human rights at the U.N. We may not sit on the Council,

but we will be influential in the affairs of the Council and we

will raise human rights issues.

Just recently we put Burma on the Security Council agenda. We

had to get nine votes to do it. It took several months. We brought

a resolution on Burma human rights to a vote. It was vetoed by

China and South Africa, but we are going to continue to press the

issue of Burma and North Korea and Zimbabwe and Iran, Cuba,

the major human rights violators of the world. I can assure you of

that. We will be very, very active.

On your second question, we have come to the conclusion that on

the issue of Iraq it does make sense for us to respond to the Maliki

government’s request that all of the neighbors of Iraq sit down at

a conference at the ambassadorial level this coming Friday, hopefully

at the ministerial level in a month or so time, and to invite

in some of the countries that are active, like the United States, in

Iraq to see if we can help to promote the political stability of the

country, support the government and the ethnic conflicts or at least

reduce it in the beginning stages and to fashion, if you will, pull

together a much stronger international support for what the Maliki

government is trying to do.

Iran and Syria we believe have been agents of instability and so

hopefully this kind of environment will lead them to reflect on

what they are doing and feel the pressure of various states, including

our country, to play a more responsible role. That is the motivation.

You asked why we have made this decision. That is the motivation.

In a separate arena, as I said in my testimony, we would like to

reach negotiations on the nuclear weapons issue, but there we are

acting in a multilateral group that includes the other permanent

members of the Security Council and Germany. That group has

been together for the better part of the last year and a half. It has

been a very effective instrument to get our view across to the Iranian

Government.

Mr. BURNS . Thank you, Congressman Royce. I think you are

right to focus on the financial issues. We are trying to weave together

multiple pressure points on Iran—the carrier battle groups

in the Gulf, the push back against them in Iraq that we have done

over the last month, the Security Council sanctions.

Most people now think that the most effective instrument we

have are the financial instruments. It is the combination of Treasury

using its Patriot Act authority to sanction banks. Now, Bank

Saderat and Bank Sepah can no longer trade in U.S. dollars. That

is a significant sanction against them.

You are right to focus on export credits. We have said, and I

have said to my European colleagues, our country has sacrificed for

27 years in imposing full-scale sanctions on Iran. It is time that

other countries sacrifice with us so that we have a more effective

international——

Mr. BURNS . It is a sacrifice for companies to give up business opportunities.

We have done it because we have a higher objective.

Mr. BURNS . Well, I think we agree with each other.

Mr. BURNS . I certainly agree with the point you are making.

Congressman, what I would tell you is the trend line is in the

positive direction, meaning the Japanese Government informed us

last week that they are beginning to reduce their export credits to

Iran. The European Union Governments both collectively and individually—

Germany, Italy, France—are beginning to do that as

well.

That is an encouraging trend which we want to push on, and I

think you will see reference to export credits, at least I hope you

will, in the next Security Council resolution in New York.

Iran needs and wants integration. It is not a country like North

Korea that is willing to live in isolation. It wants investment. It

needs to import 60 percent of its gasoline, and it needs that kind

of continual flow of investment and funds. We are trying to choke

that off, and that is an effective policy for the United States.

On North Korea I would only say that I think we have seen some

movement since the time that I testified before Congress in November

on North Korea. You have seen the Six Party agreement, the

magnificent negotiating job of Secretary Rice and Ambassador

Chris Hill, and you have seen us form this working group with the

North Koreans led by Danny Glazer of the Treasury Department

to work on the Banco Delta issue, and of course we are going to

insist that North Korea stop counterfeiting the American currency.

We think that issue can be resolved in that channel that has been

created.

Mr. BURNS . Congressman, I would say this. The Treasury Department

has been willing to use the authority given to it by Congress

in the Patriot Act. You have seen that, and I wouldn’t foreclose——

Mr. BURNS . No. I am saying that we are willing to use the authority

that the Congress has given to the Treasury Department,

and you have seen Treasury use it. I can’t sit here and speak for

the Treasury Department.

I am not an officer of that department, but I will say this. As a

Government we are determined to press forward on these types of

sanctions, and I would be very surprised if you didn’t see us move

forward with similar actions in the future.

Mr. BURNS . Thank you, Congressman. I have great respect for

your knowledge of this issue. We have talked many times and so

if I disagree with anything you have said it is with great respect.

I would say this: We have done very well with Russia and China.

We are not completely like-minded. We certainly employ different

tactics at the Security Council, but we have kept together a coalition

that includes Russia and China, and that has been a powerful

message to the Iranians, and I wouldn’t underestimate that.

Second, when the Security Council resolution passed on December

23, I will tell you that I felt perhaps it wasn’t strong enough

too after 21 ⁄2 months of negotiations. We have been pleasantly surprised

to see the impact it has had inside Iran.

I think the Iranians are less concerned with the specific aspects

of those sanctions than they are with the isolation that it has

brought them and the international condemnation it has brought

them. I think they were surprised that Russia and China joined us.

Mr. BURNS . No, and, as Secretary Rice and I have both said to

Congress in various appearances here, we are not now seeking

sanctions on oil and gas.

We are trying to use multiple instruments—military, as we have

done in the Gulf and in Iraq, economic and financial, diplomatic,

as well as the sanctions at the United Nations and outside the

United Nations—and we think those multiple points of pressure

make sense right now. I think we are making progress.

I would just like to address your last point. It is a very important

point. How much time do we have? Secretary Negroponte, when he

was director of National Intelligence, testified before Congress and

gave a projection of the intelligence community. I am not in the position

and have no inclination to argue with that projection.

My view is this: Rather than rush off, and I am not suggesting

that you favor this, but rather than rush off to a conflict with Iran

we ought to exhaust the diplomatic opportunities. We ought to

build international coalition as we have done to pressure them. We

ought to look for ways to try to get them to the negotiating table

and use diplomacy, but diplomacy in my personal experience as a

career Foreign Service officer in most instances requires time, requires

patience. It also requires energy and commitment.

I can assure you we have that because our objective is to deny

them a nuclear weapons capability. It is not to go along with them.

It is not to risk that they might get it. It is to deny them, and we

think that diplomacy can do that.

It doesn’t mean that we will succeed, but it means that we

should give that a chance before we leave our national leadership

in this administration or the next with one option, and so that

forms the basis for our strategy.

You know, we were I think rather surprised in the administration

to see the drumbeat of criticism that we were marching off to

war in January and February. You have seen the President and

Secretary Gates and Secretary Rice say consistently we are trying

to give diplomacy a chance. Diplomacy is intricate, and it involves

all these multiple points of pressure. I for one think it is the right

policy for our country at this time.

Mr. BURNS . Thank you, Congressman Ros-Lehtinen. I know that

you have been a sponsor of this legislation and I gather will be supporting

Chairman Lantos. We look forward to reading that legislation.

I for one don’t think it would be appropriate for me to criticize

that legislation before we have read it, so we will give you the courtesy

of reading it and asking questions, and hopefully we will be

able to support major aspects of this.

Here is how I would frame the issue from our perspective. We

support the Iran Sanctions Act. We supported the reauthorization,

as you know, last summer and last autumn with the Congress. It

is important that companies not invest in the long term or the medium

term in Iran’s oil and gas sectors.

We have gone to the CEOs and the corporate officers of many of

these companies, including Royal Dutch Shell, to say this is not a

good idea. We are opposed to it. We would ask you to reconsider

it.

It is our view that in the Malaysia case, the China case, the

Repsol case and Royal Dutch Shell they have entered into what are

preliminary agreements, but have not signed long-term contracts.

We have made the point to some of them that it is our view that

if they sign those long-term contracts they would be in violation of

the Iran Sanctions Act and so we hope that the ISA would be a deterrent

to those companies, and we know that it has been a deterrent

to several companies in the past so this does bear watching.

It is on our radar screen, and it is important.

The final thing I would say is a point that I made to Chairman

Lantos, and that is this: We support ISA, the Iran Sanctions Act,

but we also hope that the major pressure from our Government

would be on Iran, not on our allies.

I say that for the following reason: We have had success since

March 2005 in building this international coalition. Before that we

were not involved in the international efforts to try to stem Iran’s

nuclear progress. We had sat out from the negotiations that the

EU3 had led, and then President Bush decided in March 2005 we

would join the effort.

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We grew that circle to include Russia and China and then India

and Brazil and Egypt and the IAEA Board of Governors, so rather

than focus the full attention of our national weight from the Congress

and the administration on our allies, we would rather focus

it on Iran.

Mr. BURNS . I don’t think we are. We have been consistent for 2

years in asserting the following point: We will not negotiate on the

nuclear issue with Iran unless it suspends its enrichment and reprocessing

programs at its plant in Natanz.

That, as I have said before, but it is very important, is not just

a unilateral American demand. It is the demand of Russia, China,

the three European countries and now the entire Security Council

and so we will stick to that.

We hope that the Iranians will accept the offer to negotiate. In

any negotiation, even with a country or a regime as difficult as

Iran, it is important to provide exit doors. You don’t want to corner

the other country. We have provided an exit door.

If they suspend for the life of the negotiations their enrichment

programs we have said that we would suspend the Security Council

sanctions and that we would negotiate them, and Secretary Rice

has said that she would be at those negotiations personally. It

would be the first face-to-face meeting of our national leaderships

since the administration of Jimmy Carter, a long, long time ago.

We have been consistent on that.

On the Iraq issue, the reason that we are sitting down around

a table with them on Friday in Baghdad is because the Government

of Iraq asked us to make this decision. They felt it was important

to get their neighbors there with countries like us that

have decisive influence inside Iraq to help stabilize Iraq, and we

thought that was the best decision for our country.

Mr. BURNS . Thank you very much. On your first question, you

are correct that President Ahmadinejad is not in the supreme position

in the Iranian governing structure. That is the Supreme Leader,

Ali Khamenei, who is in the top position.

President Ahmadinejad obviously won the election in August

2005 because he had a constituency of sorts that he spoke to. He

has styled himself as a champion of the underclass and of the poor,

but we believe that he is increasingly in trouble inside his own

country.

There have been student demonstrations against him. There is

widespread unhappiness among those who prize democracy and

human rights that his government has been grossly intolerant of

those human rights. Most interestingly, as I mentioned before, a

newspaper that is thought to be that of the Supreme Leader has

been very critical of him for his handling of the nuclear issue.

His statements on Israel and the Holocaust are reprehensible

and have brought worldwide condemnation, so our view is that he

was once riding high, but his star has dimmed a little bit.

I must say there is a degree of humility I think that we have to

exercise in commenting upon events inside Iran. We don’t have an

Embassy there. There are very few Americans who live there.

There are very few American journalists who report from there

full-time and so where we try our best using all the resources at

our disposal to understand the events inside Iran, but as we are

not there and it is a distant country these are impressions that we

have, and we try our best to understand the dynamics that are

shaping the country.

The irony that you mentioned is really quite striking, and that

is in a Middle East where there is a lot of anti-Americanism unfortunately

for our country, the public opinion polls would show most

Iranians have a good attitude toward the United States, a positive

attitude toward our country and even toward our Government,

which is ironic.

We try to of course exploit that by Voice of America, by Radio

Farda, by bringing Iranians to the United States, by bringing

Americans to Iran. Along with the diplomatic isolation of the last

three decades, there has been an isolation between the peoples.

We can correct that. We can bring more Iranian students to the

United States, and we should do that because that might provide

for part of the long-term change in attitudes toward our country

that we would like to see and change within Iran that all of us

would like to see.

Mr. BURNS . Well, on the first question our policy is not to seek

a military confrontation with Iran. It is to seek a diplomatic solution

to the problems that we have with Iran.

On the second question, that is not our policy. Our policy has not

been one of regime change. Our policy is one of seeing change in

the behavior of the Iranian Government, and that I think has been

the policy for quite some time.

Mr. BURNS . Thank you very much. I would just say this on the

MEK. There has been a long discussion in Washington and between

Congress and the Executive Branch about this issue and

within the Executive Branch.

Much of that discussion we could enter into in a classified session,

and I would be happy to do that at any time and respond to

any of your questions in classified form and be happy to take those

questions today.

But for the most part what I can say in this session is that it

is true that some members of the group have defected and have

shown their capability for redemption of sorts, if you will, but most

of the group remains intact. We believe the group still has a capacity

for violence and terrorism, and for that reason the policy that

I talked about before has stood.

Mr. BURNS . Thank you, Congressman Wexler. I would just say

this: It is my understanding in talking to people 4 years later, because

I was not in Washington when all this unfolded, that the

vast majority of people involved in it believe that that offer was not

genuine and not credible.

Now, there are people who have spoken up who are no longer

with the administration who have spoken up and some who are

critics of the administration who have spoken up and said the opposite,

but the people that I know well, I certainly trust those people,

and I trust their judgment that this was not a credible offer.

It does fit a pattern, and here I owe you my best answer in terms

of what I believe about the Iranian regime. I think it is a deeply

fractured regime, and there are obviously people in that system

who genuinely want to have a better relationship with Europe,

Russia, China, the United States, who want to negotiate, but there

are other people who don’t, and we know that Ahmadinejad leads

one of those factions.

The pattern of behavior of the Iranian Government, and we have

seen it just in the last few days, is before a major international

event to focus on Iran like a Security Council resolution they send

out multiple envoys to capitols and they make multiple statements.

They all conflict with each other. Lots of smoke and lots of evasiveness

about what they mean.

Velayati has been traveling around world capitols, Larijani.

Ahmadinejad went to Caracas to talk to his friend, Hugo Chavez.

He has now got the leader of Hamas in Tehran today. If you did

a Google on all the statements made by the Iranian representatives

over the last 10 days, you would find wildly conflicting statements

about whether or not they are going to negotiate, meet the conditions

of ElBaradei or the P5.

What we have to do is sit back, look at all the statements and

try to bring our best analysis to bear. I know that the people who

were involved in 2003 have told me that they believe that offer was

not credible, the people I work with, including the Secretary of

State.

Our emphasis now has to be on moving forward to try to work

on present opportunities in 2007 to get them to the negotiating

table. That is our objective.

Mr. BURNS . Thank you very much. I would defer to Ambassador

Zal Khalilzad on how many times the Iraqi Government has attempted

to reach out to the Iranian Government in this fashion,

but I believe it is probably the first significant attempt that we

have seen.

Mr. BURNS . And it has now elicited this positive response from

a number of countries, including our own.

What we hope is that this can be a forum that will produce stability,

as I said, but you have asked a very important question.

How is Iran likely to react?

Based on its present policies, Iran is not acting responsibly. It is

not a country that has done what most of us have done, and that

is argue for the three major ethnic groups to get together for the

state to be held together. It has tended to favor its relations with

the Shia population.

The connections between the Shia leaders and Iran are quite extensive

because many of them took refuge, as you know, in Iran

during the period of Saddam Hussein’s rule so that they wouldn’t

be victimized by Saddam.

So there are close economic relations between Iran and Iraq.

Trade has multiplied several times over since 2003. There are extensive

political relations, and we believe that Iran has not acted

in Iraq’s best interest, has not played the kind of role that we are

playing, for instance, which is one of a fair arbiter and of a friend

to Kurd, Sunni and Shia.

We would ask Iran to do that, but we would specifically ask Iran

to stop fomenting violence against our soldiers, stop giving the

technology, this EFP technology, sophisticated explosive devices, to

Shia militant groups that have killed American soldiers and British

soldiers. We have made that very clear to the Iranian Government.

Mr. BURNS . I have seen no evidence that they have stopped providing

the type of technology that I talked about to the Shia militant

groups.

There was a fairly dramatic rise on the attacks against our soldiers

at the end of 2006 and at the beginning of this year, and that

is one of the reasons that President Bush was prompted to make

the statement that he did.

I am not aware of any evidence that would lead us to believe that

the Iranians have stopped that activity, so it is still an abiding concern,

a very strong concern of ours.

Mr. BURNS . Thank you very much. We have used some of the

money given to us by Congress to restructure completely our Web

sites. We have a virtual Embassy for Iran. It is our Web sites. We

have specific Web sites for specific Iranian cities, and they are targeted

at young people who are obviously internet savvy, as opposed

to people in our generation who may not be.

Secondly, we have built up Radio Farda, our Persian language

radio service, and VOA TV to be on the air much more frequently.

Secretary Rice and I have been over to VOA to do call-in radio

shows to Iran. I would invite any of you who would like to do that

to do so. Congressman Boozman did. People do call in and are very

honest about their views toward our country and often very critical

of their own government.

I would hope that the Congress would continue to support these

programs to reach out to the Iranian people, to bring them here on

scholarships. We brought medical professionals to Congressman

Delahunt’s home state, my home state of Massachusetts, to Harvard

Medical School just last month, and we hope to do more of

that to ease the sense of tension between our societies. If you will,

it is a modern day version of ping-pong diplomacy. It is just wrestling

which tends to be the common denominator in our athletic establishments.

You suggested something very interesting, and that is that Iran

is the opponent of the Taliban in Afghanistan, and Iran is being

affected very negatively by the flow of poppy to Iran itself, and the

drug usage we think among Iranian youth unfortunately is alarmingly

high.

If you are looking for common ground, and we always must in

relations with particularly difficult regimes, we seem to have a

common interest in stability in Afghanistan, a common opponent in

the Taliban, and we hope that Iran will use its influence to try to

diminish the power of the Taliban and also use its influence to convince

the governors in Afghanistan to work against poppy production.

Unfortunately, the United Nations said yesterday we may be facing

the largest ever poppy crop in Afghanistan in 2007. We are

working very hard against that. We have seen that poppy produc51

tion is declining in the north, but in Oruzgan Province and

Kandahar Province in the south it is quite high, so it is alarming

and it does threaten the future of the Afghan people.