The meeting will come to order.

For decades to come, the world’s preeminent historians will analyze

the Iraq War and its manifold impact. But one impact is already

clear: When dealing with a looming threat to international

peace and security, Congress will insist that all—and I mean all—

diplomatic and economic remedies be pursued before military action

is undertaken.

We are far from having exhausted all diplomatic and economic

options for stopping Tehran’s headlong pursuit of nuclear weapons.

Talk of military intervention is unwise and unsupported by Congress

and the American people.

I am very pleased that the administration has recently reversed

course and will join Iran and Syria for discussions on stability in

Iraq. Perhaps this diplomatic contact with Iran might pave the way

for a broader dialogue with Tehran designed to breach the gulf between

our two nations.

Diplomacy with Iran does not stand a chance unless it is backed

by strong international sanctions against the regime in Tehran.

Iran’s theocracy must understand that it cannot pursue a nuclear

weapons program without sacrificing the political and economic future

of the Iranian people.

That is why this week I am introducing the Iran Counter-Proliferation

Act of 2007. The objective of my legislation is two-fold: To

prevent Iran from securing nuclear arms and the means to produce

them. And to ensure that we achieve this goal in a peaceful manner.

My legislation will increase exponentially the economic pressure

on Iran, and empower our diplomatic efforts by strengthening the

Iran Sanctions Act. It will put an end to the administration’s ability

to waive sanctions against foreign companies that invest in

Iran’s energy industry.

Until now, abusing its waiver authority and other flexibility in

the law, the Executive Branch has never sanctioned any foreign oil

company which invested in Iran. Those halcyon days for the oil industry

are over. If Dutch Shell moves forward with its proposed

$10 billion deal with Iran, it will be sanctioned. If Malaysia moves

forward with a similar deal, it too will be sanctioned. The same

treatment will be accorded to China and India should they finalize

deals with Iran.

The corporate barons running giant oil companies—who have

cravenly turned a blind eye to Iran’s development of nuclear weapons—

have come to assume that the Iran Sanctions Act will never

be implemented. This charade will now come to a long overdue end.

My legislation goes beyond the waiver issue. If a nation aids

Iran’s nuclear program, it will not be able to have a nuclear cooperation

agreement with the United States. Import sanctions will

be re-imposed on all Iranian exports to the United States.

The Clinton administration lifted sanctions on Iranian carpets

and other exports in an effort to encourage Tehran to undertake a

dialogue. It is self-evident that this diplomatic breakthrough has

not occurred, and the favor offered Iran will now be revoked.

My legislation also calls on the President to declare the Iranian

Revolutionary Guard Corps a terrorist group. The Revolutionary

Guard and its Quds Force train terrorists throughout the Middle

East, including in Iraq and in Lebanon.

The Revolutionary Guard, which is a major base of support for

Ahmadinejad, owns huge economic enterprises in Iran. Foreign

banks will think twice about dealing with these enterprises once

the Guard is declared a terrorist organization. All of these actions

will deprive Iran of the funds that currently support and sustain

its nuclear program.

I will also join with my distinguished colleague, Barney Frank,

the chairman of the Financial Services Committee, in introducing

legislation to limit the pension fund investment in foreign companies

that pour money into Iran’s energy industry. A variety of

means will be used for this purpose from ‘‘name and shame’’ for

private funds to mandating divestment for public funds.

I want to acknowledge with pleasure Ranking Member Ros-

Lehtinen’s leadership on the Iran divestment issue and other Iran

sanctions legislation, and I fully anticipate that key elements of her

proposals will be incorporated in our bipartisan bill.

The reason for this all-encompassing approach—and for its urgency—

is that we have so little time. Iran is forging ahead with its

nuclear program, in blatant defiance of the unanimous will of the

U.N. Security Council and the International Atomic Energy Agency.

Before it is too late, we must try to persuade others to join us

in increasing the diplomatic and economic pressure on Iran and,

where necessary, we must give them incentives to do so.

I now turn to my friend and colleague, the esteemed ranking

member of this committee, Ileana Ros-Lehtinen, for any comments

she might choose to make.

Thank you, everybody.

Secretary Burns has held a wide range of most important and

sensitive posts in the Department of State. He is one of our most

distinguished diplomats of this and indeed of any generation.

For the past 2 years he has been our distinguished Under Secretary

of State for Political Affairs, which is the highest ranking

position for any individual in the professional Foreign Service.

Prior to his current assignment he served our nation as Ambassador

at NATO and in Greece.

This is the first time that he is testifying before our committee

during the 110th session. I am delighted to welcome him.

You may proceed any way you choose, Mr. Secretary.

Thank you very much, Mr. Secretary.

I listened very carefully to your summary, and as I understand

it you favor a concerted diplomatic approach. I take it by concerted

diplomatic approach you mean we and our allies. I wonder whether

you also mean various branches of our own Government and particularly

various branches of the administration.

I am profoundly disturbed by the actions of our Trade Negotiator,

and I would like to tell you why. On January 31, I wrote a letter

to our Trade Negotiator, and I would like to highlight the key paragraph

from it. This is to Ambassador Schwab.

‘‘I am writing to you to highlight an issue that has come to

my attention regarding Iran and Malaysia and to request formal

action on your part. According to recent press reports, Iran

has signed a $16 billion liquified natural gas deal with Malaysia’s

SKS to help develop gas fields in southern Iran and to establish

LNG production plants. This is a disturbing development

that I believe requires swift action by the administration.

‘‘As part of legislation which I co-sponsored, Congress recently

extended and strengthened the Iran Sanctions Act, requiring

sanctions against companies involved in Iranian energy

development as is potentially the case here. In addition to enforcing

this legislation, it behooves us all charged with implementing

U.S. foreign policy to take actions to further press

Iran to cease its development of nuclear weapons.’’

So far I don’t think there is anything controversial from the administration’s

point of view of what I am writing to the Trade Negotiator.

Then I go on to say:

‘‘I understand that your office is currently engaged in discussions

with the Government of Malaysia to negotiate a Free

Trade Agreement. Since a fundamental purpose of any Free

Trade Agreement is to strengthen cooperation consistent with

broader U.S. strategic goals, I believe we have a right to expect

the Government of Malaysia to join us in condemning this deal

and to make certain that it is nullified before we proceed with

further negotiations.

‘‘Malaysia stands to benefit greatly from a Free Trade Agreement

with the United States, and it is important that our

trade partners are not engaged actively or passively in undermining

our most basic security policies.’’

Our Trade Negotiator cavalierly and arrogantly advised her Malaysian

counterparts that this is just a voice from Congress and

proceeds without any explanation or letter, continuing these negotiations.

Now, the Trade Negotiator may disagree with me, but I wonder

what is her right to disagree with the fundamental policy enunciated

by this Government at the highest level that we wish to deal

with Iran through economic pressure?

This is economic pressure, and the Trade Negotiator is undermining

this economic pressure. I would be grateful if you could

comment.

We join you in that welcome, Mr. Crowley. I

call for a vote.

Well, how can that be true, Mr. Secretary, if

trade negotiations leading to a Free Trade Agreement benefit Malaysia

while Malaysia is signing a major agreement helping to develop

Iranian energy to the tune of some $16 billion of investment?

Well, I appreciate your comments, Mr. Secretary,

and I am sure that Secretary Rice would agree with everything

you have said, but the Trade Negotiator is undermining your

basic policy, the basic policy of this administration, which is to

place economic pressure on Iran. The Trade Negotiator is actively

undermining this goal.

I am not asking you to comment on your colleague in the administration—

she is coming in to see me in a few days—but I think

it is very important. You made the observation a minute ago that

in Tehran there is a divided government. Well, it seems there is

a divided government in Washington as well, and the Department

of State and the Trade Negotiator are opening at cross purposes.

I also would like to ask a question before I deal with this issue

of concerted diplomatic approach which you favor and I favor—we

all at this table favor. When Congress passes legislation with overwhelming

bipartisan majority and the administration waives all

the sanctions that we have passed, no oil company is handicapped

by administration action despite their violation of congressionally

passed laws.

We have no option but to take away the waiver authority of this

administration, and that is precisely what the legislation I am introducing

this week will do. We are spinning our wheels. We are

passing legislation after legislation designed to promote the goals

of the administration of putting economic pressure on Iran.

The administration claims not to want to use military means. We

agree with that. If military means are not to be used then economic

means are to be used, and the administration systematically undermines

our desire to use economic sanctions.

There is a profound inconsistency between what the administration

says and what the administration does, so I would be very

grateful, Mr. Secretary, if you could tell us how you envision concerted

diplomatic approaches while the diplomatic approaches we

provide are rejected by the administration refusing to employ the

mechanisms we have provided.

I thank my friend for his suggestion.

Thank you very much.

Before turning to Mr. Carnahan, let me just say to my two colleagues

who will not get a chance to ask questions, I will ask unanimous

consent that the record remain open for questions for the

record, and at the next meeting we will begin with you, Mr. Scott.

Mr. Carnahan, I recognize you.

Mr. Secretary, we are deeply in your debt for

a brilliant and knowledgeable and comprehensive testimony. We

hope to have you back soon, and I know I speak for all of my colleagues

in expressing our thanks.

This hearing is adjourned.