Thank you very much.

Ever since the election of Muhammad Khatami as president in

May 1997 the world has been debating the meaning of his victory

and the significance of his statements and actions. Has Iran’s support

for terrorism diminished? How has Khatami affected the Iranian

terrorism apparatus, and has there been any quantifiable,

measurable change in the conduct of Iran? What can we say, if

anything, about Khatami and the effect of American sanctions over

this past year on his personal effects in Iran?

The new openness and bold expressions of dissent seem to have

been bursting at the seams in the Iranian society. It is very, very

encouraging, and something very welcome to the West. There have

been public statements issued by President Khatami that, relative

to other statements by others in Iran have sounded soothingly

moderate, particularly to western ears accustomed to the steady

drumbeat of the demonization of the West.

Although President Khatami may, and I emphasize may, be the

first Iranian leader since the revolution to seek a genuine accommodation

with the United States, the fact remains that he does not

speak for nor represent the other domains of power in the Iranian

regime, whose support for anti-American and antiwestern policies

remains a staple of the Islamic revolutionary identity.

As the United States grapples with the genuine policy conundrum

of how best to encourage Khatami and other moderate forces,

the enthusiasm bred by the prospect of engaging in a dialog with

a postrevolutionary leader, if we can call him that, must not blind

us to the realities that the Iranian terrorist apparatus is very much

alive, intact, and presently engaged in supporting acts of terrorism

and violence against the United States and our European allies.

Iran continues to fund and train members of the Hamas and Palestine

Islamic Jihad in carrying out mass terrorist operations and

planning them against Israeli civilians. Iran has recently, in the

last 7 months, developed a network of militant recruits in Jordan

designed and orchestrated to attack Jordanian, Israeli, and other

targets.

Iran continues to operate training camps for terrorists in Iran for

attacks against United States targets in the Persian Gulf and

against pro-western Arab regimes.

Iran has provided weapons and training to the vast network of

growing Hizbollah terrorist infrastructure now operating in Jordan,

Saudi Arabia, Bahrain, as well as Europe, Asia, and even North

America.

Iran’s extensive network of front companies, religious organizations,

student groups, throughout the western countries continue to

collect intelligence, carry out surveillance, threaten or attack Iranian

dissidents, prepare for future terrorist operations, and acquire

illicit advanced technology for Iran’s chemical, biological, and nuclear

programs.

Tehran continues to serve as a central meeting place and sanctuary

for top Middle Eastern terrorist leaders, and finally, Iran

continues to affirm the death sentence and bounty against the writer,

Salman Rushdie.

Iranian agents have been implicated in the deaths of Americans

abroad, and they continue to work in the senior levels of Iranian

Intelligence. Ahmad Sherifi, a senior Iranian Intelligence officer

and a top official in the Revolutionary Guard, met with Hani Abd

Rahim Sayegh, the alleged getaway driver in the Khobar bombing

in Saudi Arabia which killed 19 American servicemen. Sherifi reportedly

met with Sayegh in Qom, Iran, and later met with him

in Damascus.

Sherifi also recruited members for the military wing of

Hizbollah-Bahrain in Qom, and later wrote checks to Bahraini

members of Hizbollah.

The notion of Iran’s support for terrorism is something that we

must keep at the fore, despite any attempts to be lulled into a

sense that there is a new postrevolutionary Iran. Iran provides direct

military and financial supplies to the Hizbollah, as well, in

Southern Lebanon for attacks against Israel, attacks against Jordan,

as well as Hizbollah operators in Europe and South America.

One of the vehicles, the primary vehicles, is through weapons

flows to Hizbollah in Lebanon. The precise amount that Iran provides

is probably impossible to ascertain, but most reliable intelligence

estimates claim that the yearly subsidy between Iran and

Hizbollah in Lebanon is between $75 and $150 million.

Iranian military supplies are usually delivered through an air

bridge through Damascus. According to western intelligence, more

than 50 military supply flights were conducted from Iran to Syria

in October 1997 alone. There were up to 11 terrorist training

camps operating in Iran during the past year, where militant volunteers

from around the Middle East have participated in operational

training.

Iran support to Hamas and Jihad continues unabated, and continues

to this very day. Just 2 weeks ago, Sheikh Ahmed Yassin,

the leader of Hamas, was entertained in Iran where he received

promises of support, military and financial, from the Iranian leadership.

I would say that in the end we face the prospect of maybe changing

our policy, but the bottom line is that the U.S. should not

change its overall policy, its sanctions against the regime, at this

point. We should perhaps approach a policy of what I call incremental

reciprocity, exchanging ad hoc economic and political incentives

for demonstrable changes in Iran’s support for terrorism.

The economic sanctions thus far have caused serious dislocations

to the Iranian economy, which have, in fact, bred mass discontent,

which have led, in turn, to the election of President Khatami. Loosening

of these sanctions at this point would only result in the resolidification

of the power base of the radicals.

Thank you very much.

Well, I think it is not a bad idea to have more details,

but I would say that, for example, if you look at the Iranian

terrorist activity in Argentina, Iran is believed to be behind, and

Hizbollah behind the 1992 bombing of the Israeli embassy, as well

as the Omni Center, and there is a Hizbollah presence in the

Triborder area.

However, there has not been any noticeable terrorist activity by

Iran in Buenos Aires since the bombing, and so the question would

become, should that be considered sort of on the chart?

I would say with the right statement, yes, because Iran continues

to deny any responsibility as well as to harbor an intelligence network

that can be activated in any of the places that are listed on

this map, and you could have certainly added Canada and the

United States.

There was a recent case in Canada where Canadian court documents

revealed that Hizbollah members under the direction of Iran

were taking surveillance video of potential targets in Canada. Now,

that was back in 1991, 1992, and 1993. The question is, is it happening

today?

I have no open source information on that. However, based on

the pattern of how Iran operates, and the use of front groups that

periodically report to Iran and that can be activated, it is fair to

assume that, even if they have not been active in the violent sense

in the last 2 years in one country, that violent intrusion can be felt

within a matter of hours if Iran so desired.

And so I would say that yes, I would like to see—I think it would

be helpful to have dates attached to the last violent activity, but

that does not account for the existence of the infrastructure that

can be activated at any moment, and that continues to be in existence

at this very time in most of those countries.

It should be given a certain amount of weight, but

in the context of looking at everything else, there also is a continuous

flow of weapons, of very advanced weapons by Iran to

Hizbollah, including weapons now that really are, if used against

the United States in the Persian Gulf, would cause a lot more casualties

than we have seen.

So actions speak louder than words. I know that even Khatami

has questioned the value of the Hizbollah role in terms of the longrange

military confrontation with Israel. On the other hand, he has

also talked about the need to firmly implant Iran’s influence in

Lebanon permanently by infusing more money into social welfare

groups and the political process, so he is essentially thinking about

transforming Iranian influence.

Now, whether that becomes a hot spot of continued Iranian revolutionary

activity remains to be seen, even with the issue of the

Middle East peace process.

There have been some welcome statements relative to others. On

the other hand, the statements that were just issued in the past

month and a half in conjunction with Ahmed’s visit were very discouraging.

They promised additional weapons. They promised additional

funds. They talked about liberating all of Palestine, and

their notion of a satisfactory solution to the Palestinian conflict is

something that is really much more attuned to the ideology of

Hamas than it is to the PLO.

If I can just point out, to a certain extent he has

already delivered, to the point that there has been an introduction

into Iranian society which is intellectual and very independent of

new publications, of new television programming, of books, of previously

banned foreign periodicals.

In other words, he has really opened the free market approach.

He is introducing the free market approach in terms of intellectual

ideas, so there is more of a pluralism and debate going on, so to

a certain extent that has reinforced and solidified his popular appeal.

One of the questions I guess you are getting at is, are there other

incentives, or other things that would help solidify his base, or is

this not going to be sufficient if the economic dislocations caused

by the sanctions, or whatever, continue to undermine the Iranian

people’s belief that their Government is representing them.

The U.S. has got a major dilemma here, because to a certain extent

we have to definitely encourage whatever trends are there. On

the other hand, we do not want to jump the gun prematurely here,

and it might end up in the long run that Iran is willing to only go

so far and that is it, and that its revolutionary Islamic identity will

not change.

Do we wipe the slate clean on the terrorists who have carried out

attacks on Americans who are now living freely in Tehran, for

which there have been some sealed indictments? I mean, are we

prepared to do that? Is the Iranian Government prepared to extradite

them? I doubt that, and that is an issue that is going to be

very, very sore, if it ever comes down to even that level of discussion.

I mean, another level of discussion, of course, relates to what the

Ambassador referred to in terms of the dispute over assets. I do not

know whether a general settlement is possible, but a discussion is

worthwhile here, but in the end I think we have to make sure that

we pace ourselves, that yes, there should be incremental approaches

here, but they are going to have to deliver.

If we save the regime, save Khatami, or resolidify him, there

really needs to be a quid pro quo in practice.

Senator ROBB. Is Khatami in a position to establish a dialog? At

this point he cannot, but will there come a time when he could accept

the U.S. offer of a Government-to- Government dialog?