Mr. Chairman, thanks for the opportunity to appear before the committee.

In your earlier remarks, you talked about the agreement that

was reached last week between Iran and the three foreign ministers.

I will not repeat the elements of that agreement. I think the

Europeans deserve a lot of credit for skillful diplomacy, but this

agreement last week would not have been possible without a U.S.-

led campaign of diplomatic pressure that gave Iran a stark choice

between cooperating or being brought before the U.N. Security Council.

Last week’s agreement was potentially a very useful step, but its

value is going to depend on how well it is implemented. A key

question will be how broadly the suspension of enrichment and

processing activities is defined. If, for example, it is defined as covering

only enrichment operations, it will not be very meaningful.

But if it also covers such enrichment-related activities as the construction

of enrichment plants, the manufacture of centrifuge machines,

the processing of enrichment feedstock, then the suspension

could put a very significant break on Iran’s fissile material production plans.

Importantly the declaration reached last week in Tehran does

not excuse Iran from meeting the requirements of the resolution

passed by the IAEA board last month. If Iran does not meet those

requirements, it will face very strong pressures at the November

board meeting for a finding of noncompliance and for sending the matter to the U.N. Security Council.

There may be some interest in finding Iran in noncompliance and

sending the matter to New York even if Iran does show good faith

in meeting the IAEA’s demands and the requirements of last

week’s declaration. The rationale for doing that would be that Iran

has committed past safeguards violations and that the IAEA statute

requires that any such violations be sent to the Security Council.

But if Iran actively cooperates, it would be a mistake in my view

to make a finding of noncompliance in November. Sending the matter

to New York would undermine support for further cooperation

in Tehran where the decision to suspend enrichment and sign the

additional protocol has come under very strong criticism from hardliners.

If Iran genuinely cooperates with the new agreement, its

past violations can and should be reported to the Security Council

but at a later date. There is precedent for that, and I could explain later.

Mr. Chairman, at best, last week’s agreement in Tehran is only

a temporary arrangement. Before long, it would have to be replaced

by a more durable solution to the problem. Under such a solution,

Iran should be required permanently to foreswear nuclear fuel

cycle capabilities, especially enrichment and reprocessing. Existing

facilities and facilities under construction would have to be dismantled.

In exchange, Iran would receive a multilateral guarantee that

as long as it complies with its various nonproliferation commitments,

it would be able to purchase fuel cycle services, including

the supply of fresh reactor fuel, and the take-back and storage of

spent fuel for any power reactors that it decided to build. The U.S.,

Europeans, and Russians might join together in offering such a

guarantee. The combination of a ban on fuel cycle activities and the

additional protocol would provide confidence that Iran was not engaged

in clandestine fissile material production.

While some would prefer that Iran not even be allowed to possess

nuclear power reactors, a ban on power reactors in my view is neither

achievable nor necessary. The risks associated with large safeguarded

nuclear power reactors are manageable. This is a controversial

point and we can explore this later.

The multilateral fuel services guarantee would address the Iranian

concern that they would be vulnerable to fuel supply cutoffs,

but it would not address their main reason for pursuing nuclear

weapons, and that is their national security. The ouster of Saddam

Hussein has eliminated one major threat to Iran, but now Iran’s

principal security preoccupation is the United States and the fear

that the Bush administration may be intending to undermine the

regime. As long as this perception exists, it will be very hard to get

Iran to give up its nuclear weapons capability altogether.

Ending the longstanding estrangement between the U.S. and

Iran may, therefore, be a necessary condition for getting Iran to

move beyond the interim arrangements that are now taking shape

and to accept a permanent solution to the nuclear problem. For

this and other reasons, the U.S. and Iran should begin a step-bystep

engagement process in which the two countries can raise a

range of issues of concern to them and explore whether a modus

vivendi between them is really possible. Such an engagement process

would provide the most promising context for ending Iran’s nuclearweapons program.

Mr. Chairman, we do not know whether last week’s agreement

was an indication that Iran may now be prepared to abandon its

nuclear ambitions or whether it was simply a tactical maneuver

aimed at dividing us from the Europeans and dodging U.N. sanctions,

or perhaps a deeply divided Iran is simply keeping its options

open. It would be naive for us to act on the assumption that

Iran has already decided to throw in the towel on its nuclear weapons

program, but it would also be a mistake to assume that an Iranian

nuclear weapons capability is inevitable.

In the period ahead, we must do everything possible, working

with the Europeans, the Russians, and the IAEA, to bring Iranian

leaders to the conclusion that continuing their efforts to acquire

nuclear weapons is too risky, too subject to detection, too damaging

to Iran’s reputation and broader national interests. Continued pressure

will be essential, but pressure is not going to be enough. A

crucial incentive for Iran is likely to be the prospect of a new and

more promising relationship with the United States. Indeed, U.S.

willingness to explore such a relationship with Iran may be the key to resolving the nuclear issue.

Thank you, Mr. Chairman. Senator, I think we should sit down and talk to

them. I do not think that we should focus on one particular area

of misbehavior that we are concerned with today and use it as the

reason why we should not sit down. If we have a kind of dialog,

it should not be designed to come up with some mega-deal in the

near term. That is going to be too complex—— Too politically difficult for either side

to do. Imagine entering into negotiations whose objective over the

next 6 months was to resolve all of these issues as a package. It

just would not happen. But we should begin bilaterally to sit down

with the Iranians quite informally and to deal, to talk about the

range of common interests. And we have identified a number of them.

I am sure politically that would be sustainable.

Earlier in the administration, there were discussions. They were in

a multilateral context in Bonn over the future of Afghanistan. Cooperation

between the U.S. and the Iranian delegations was very

good during that period. Now we have a clear common interest in

talking about the future of Iraq and our respective interests in

Iraq. I cannot imagine that this would not be politically sustainable

for this administration.