Mr. Chairman, thank you very much. It’s a

pleasure to be before you once again to discuss United States policy

toward Iran, and to be with all of your colleagues. I did submit my

testimony yesterday. I will not read it; I’ll spare you that.

But I thought, Mr. Chairman, with your

permission, that what I’d do is just comment—make a few comments

on what you and Senator Lugar have just said to get us

started, and that by—that might also give you a sense of the basic

thrust of our strategy on this priority issue of Iran.

I agree with both of you—and I’ve had a chance to talk to many

of the members of this committee individually—that, next to Iraq,

next to the challenge of success in Iraq, there’s probably no other

issue that’s so important to American foreign policy and to our future

than dealing successfully with the challenge posed by Iran.

And we would see four interconnected challenges in the Middle

East. The Middle East certainly is now the area of priority attention

for our foreign policy; the way Europe was, in the last century.

Four challenges posed by Iran:

First, the obvious attempt by Iran to seek a nuclear weapons capability.

Nobody doubts it. I have been the American liaison now

for 2 years, with Russia and China and the Europeans, and no one

has ever told me, from any of these governments, that they think

there’s a benign intention here on the part of the Government of

Iran. Everyone’s convinced that this supposedly peaceful nuclear

research program is actually intended to produce a nuclear weapons capability.

Second is the problem that Iran and Syria and Hezbollah are trying

now to unseat the democratically elected government of Prime Minister Siniora in Lebanon.

Third, Iran is the leading opponent of Israel in the region, the

leading opponent of the attempts by the United States and others

to establish a peace between Israel and the Palestinians.

And, fourth, as you know, the Iranians have not played a positive

and useful role in Iraq. They have enormous influence there. Many

of the current Shia leaders in the Iraqi Government took refuge in

Iran during the Saddam years. They know the Iranians well. The

Iranians could be arguing for a policy that would unite the various

warring factions in Iraq, but they’re not, they’re actually taking

sides. And as the President said in the early part of January, we

know that they’re providing—the Iranians—sophisticated EFP

technology, explosive technology, to Shia militant groups, and that

those groups are using that technology to target and wound and

kill American soldiers. So, the challenge posed by Iran goes right

to the heart of our most vital interests in the Middle East. And so,

we’re right to focus on it, and this committee is, as well.

On the issue of Iran’s nuclear ambitions, the policy of our Government

is to deny Iran a nuclear weapons capability. And we are

trying to exact multiple points of pressure on the Iranians in an

effort to convince them that the preferred way to deal with this

problem is not through confrontation, and certainly not—certainly

not through a military conflict, but through diplomacy and through

peaceful negotiations. And so, what we’ve tried to do over the last

2 years—and it was about 2 years ago, this month, that President

Bush made the decision that, for the first time, we’d actually support

the international negotiations with Iran on the nuclear issue;

multiple points of pressure should be applied from different perspectives

to convince the Iranians there’s a cost to what they’re

doing; and that the cost is going to rise, and there’ll be everincreasing

pressure if they refuse to go to the negotiating table.

And you, Mr. Chairman and Senator Lugar, you’ve referred to the

primary point of pressure. Iran is now one of 11 countries, of 192

in the U.N. General Assembly, subject to chapter 7 sanctions, and

the United States has led, in December and again last Saturday,

by 15 to 0 votes—very forceful, united votes—two increasingly

tough sanctions resolutions against the Iranians. Iran is not like

North Korea; it’s not a country that can, or would like to, live in

isolation. It wants to be integrated, economically and politically,

with its neighbors in the Arab world and with Europe. And these

sanctions will increasingly isolate and distance Iran from those

profitable relationships. We think that’s a good start.

Second, we have used—the Treasury Department has used our

311 authority in the Patriot Act to impose additional United States

economic sanctions on Iran. So, you’ve seen Treasury sanction

Bank Saderat and Bank Sepah. Bank Sepah is the fourth largest

bank in Iran. It is the front company by which the Iranian Government

funnels money to fund its ballistic-missile and WMD activities,

so it’s a very important set of sanctions that we’ve applied.

Third, Secretary Paulson and Secretary Rice have used their influence

with corporate and financial leaders around the world to essentially

give the message to European, Arab, and Asian bankers

that Iran is not a good credit risk and that if Iran is going to be

subject to international sanctions and national sanctions, companies

and financial institutions ought to think twice about long-term

investments. We’ve seen three major European banks in the last 8

months shut down all lending to Iran, and 20 others begin that

process. And the Iranians are beginning to feel that pinch.

Fourth—and, Mr. Chairman, you referred to this—we do have

two carrier battle groups in the gulf. They are not there to provoke

any kind of conflict with Iran. We have had American naval forces

in the gulf since 1949. But the message is, we have 170,000 troops

in Iraq, we have obvious security interests throughout the gulf region;

the gulf is not an Iranian lake, it is an international water-

way, and we will protect, as we have since the late 1940s, the right

of companies and nations to use the gulf for international commerce

and for it to be a peaceful region, not a violent region.

And, of course, Mr. Chairman—you referred to this, as well—we

have pushed back against the Iran attempts to use the Quds Force,

which is an arm of the Iranian Revolutionary Guard Corps Command,

to funnel this explosive technologies to Shia militant groups

in Iraq. The President said, back on January 10, that he has a fundamental

responsibility to protect American men and women in

Iraq—our soldiers—and he does. And so, we have detained several

Iranian military and intelligence figures who were caught redhanded

in this network, providing this technology to the Shia militant forces.

So, these combination of pressures that we’ve deployed, economic

and political and diplomatic, and some military in Iraq, are all impinging

upon the Iranians, they’re increasing the pressure on the

Iranians to do one thing: Not to lead the confrontation with us, but

to lead to negotiations, because we’re convinced that diplomacy is

the way to proceed. We are most definitely on a diplomatic track,

and we believe diplomacy can succeed, and we do not believe a conflict with Iran is inevitable.

For diplomacy to succeed, we’re going to need to be patient, as

well as persistent. I was intrigued, Mr. Chairman, to read the

Washington Post lead editorial today, which said some nice things

about the administration’s efforts in Iran, and then said, ‘‘But

they’re not—they haven’t yet been successful in convincing the Iranians

to give up their nuclear weapons.’’ I guess my answer to the

Washington Post would be, ‘‘If you want to pursue or support a diplomatic

path, you have to have the patience and perspective to

allow diplomacy to play out.’’ And we have some time to do that.

There is no reason for us to choose a confrontational path now. We

have time to pursue diplomacy, and President Bush and Secretary Rice have been doing that.

We also, I think, are trying to leave exit doors for the Iranians.

And what I mean by that is, in any negotiation or prospective negotiation,

you don’t want to corner your negotiating partner and leave that country with no options.

And so, about a year ago, China and Russia and the Europeans

and the United States got together, and we offered two choices to

the Iranian Government. We said, ‘‘We want to negotiate with

you.’’ We offered them an economic and scientific and technological

incentives package. We offered to help create a civil nuclear industry

in Iran, without access to the fuel cycle. This was President

Putin’s idea. And we all supported this and said, ‘‘Please come and negotiate with us.’’

And, of course, the Iranians took about 41⁄2 months to consider

that offer, and they finally answered, and they said, ‘‘No; we’re not going to negotiate.’’

And so, we said, ‘‘Well, if you’re not going to negotiate, there’s

another path, and that path is that you’re going to be increasingly

isolated in the world, and pressured, and sanctioned.’’

And what’s, I think, very powerful about this diplomatic coalition

that we built over 2 years—it’s not just the United States versus

Iran, it’s all of the European Union; it’s China and Russia; it is

South Africa, one of the leading members of the Non-Aligned Movement;

it’s the largest Muslim country in the world, Indonesia—they

voted, last week, to sanction Iran; it’s Qatar, an Arab State on the

gulf; India and Brazil have now enacted sanctions legislation

against Iran because of their U.N. obligations.

So, I know that sometimes people get frustrated with multilateral

diplomacy, but when you pull everything together, you have

this very powerful multiplier effect of every big country in the

world speaking, singing off the same sheet, saying, ‘‘The Iranians

shouldn’t develop nuclear weapons, and we’re all going to act together to prevent that.’’

This last resolution, Mr. Chairman, was especially important.

For the first time, we were able to say that Iran shall not be able

to export or transfer or deliver arms to anyone. That includes

Hezbollah, that includes Hamas, it includes Syria. We won that in

the sanctions resolution voted upon successfully last Saturday. We

have a specific sanction by the United Nations against Bank

Sepah, the bank that I referred to. We have a specific sanction

against the Iranian Revolutionary Guard Corps Command—this organization

that, in the 1980s, sponsored the terrorist attacks

against our Marines in Lebanon, in 1983; in 1996, against our

housing facility at Dhahran, at Khobar Towers; and the organization

that sponsors the Quds Force, which is the force trying to

strike indirectly through Shia militants at our soldiers in Iraq.

There are now international sanctions against the IRGC, and we led that fight.

And, finally, we opened up the door in the resolution toward further

international effort to diminish expert credits. This is important,

because as recently as 2005, there were $22 billion in export

credits made available by European companies to their firms to do

business with Iranian firms. And our message to the Europeans

has been, ‘‘It can’t be business-as-usual with Iran. Please reduce

those export credits.’’ And the resolution, just passed, encourages countries to do that.

So, we think this diplomatic path is a powerful one. We think it

is beginning to show results. I would judge that—the last time I

appeared, Mr. Chairman, before this committee, was in September

2006; at that time, the Iranians were riding high. They had just

sponsored the Lebanon war against Israel, they were behind

Hezbollah in that war; they instigated it. There was no apparent

impediment to their nuclear progress. But if you fast-forward to

today, they now have lots of impediments before them, and they

have a wider international coalition against them.

So, we need to be successful in this diplomacy, we need to be

tough-minded to push back against their attempts to use terrorism

against our friends in the region. And, finally, Mr. Chairman, I’d—

my last point—we need to engage with the Iranian people. It’s been

27 years since the hostages were released. And, in those 27 years,

we’ve produced the most unusual diplomatic relationship of any

country in the world. We have no relationship with them, we have

no embassy there, we have very few American businesses there,

very few American journalists. There literally has been no contact

between our countries. And so, while we are opposed to the Iranian

regime, we ought to be open to increased contacts with the Iranian

people. And the irony here is that the public opinion polls in the

Middle East consistently show—this is very ironic—that the Iranian

people are among the most pro-American of all the people in

the Middle East. So, Congress was good enough to give us, last

year, $75 million to expand our Persian-language VOA TV, to expand

our Persian-language radio into Iran, to allow us to create

Web sites that are keyed to each of the regions of Iran, and we can

talk to people. And, more importantly, to bring Iranians here—we

brought a group of medical professionals here in January. We’re

bringing, in the near future, a group of disaster-relations experts.

And they’ll go around to our cities and States and meet average

Americans and build connections. And we sent the United States

National Wrestling Team to Iran in January, because wrestling is

the Iranian national sport. And our team was received with thunderous

applause in the arena. They spent a week competing, making

friends. One of our wrestlers actually won his weight class,

which is also an added benefit. But we’re convinced that, as we oppose

the regime, we need to build up bridges to the people of Iran.

And Congress has been good enough to enable us to do that. And

I just wanted to advertise that we’re asking for an additional $108

million for all of these efforts in fiscal year 2008, and I hope that

that will have some agreement here on Capitol Hill.

So, Mr. Chairman, I just wanted to respond to your basic points.

And you have my testimony for the record, and I’m very pleased

to answer whatever questions you may have. $108—one-zero-—— Yeah.

Thank you, Mr. Chairman, I’d be happy to.

On the subject—maybe I’ll just reverse them, if I could, and just

start with Ahmadinejad. He’s an odious figure. If you try to trace,

you know, history over the last 40 to 50 years, and find a world

leader who calls for the destruction of another country, who denies

that the Holocaust existed, whose whole foreign policy seems to be

negatively oriented, you can find few people like Ahmadinejad. We

take him seriously. We have to take him seriously. He’s the President

of Iran. And so, we follow what he says, and we try to oppose, as best we can, what he does.

But it’s also true that Iran, as you suggest, Mr. Chairman, it not

a monolithic political entity. In fact, it’s a cacophonous sea of disputation

right now between various power centers. And what’s remarkable

about the politics of Iran over the last half year is how

much infighting there is on this issue of a nuclear posture of Iran.

The Supreme Leader, Ali Khamenei, whom almost everyone believes

is the most powerful person in the country, the newspaper

associated with him was very critical of Ahmadinejad about a

month ago, publicly, and for his stewardship, or lack thereof, of the

nuclear issue, and for the fact that Iran had become so isolated because

of its uncompromising nuclear weapons ambitions. So,

Ahmadinejad is a powerful figure, but the Supreme Leader Ali

Khamenei, Ali Akbar Rafsanjani, the former President, there are

many others who can balance his power. And our handicap is, we

don’t have an embassy there, we don’t have a lot of—as much expertise

in our own government on Iran as we would like, because,

for a generation, we haven’t been able to send anyone to that country.

But we’re rapidly building up our capacity to understand Iran,

and I think what I’ve just told you is—probably reflects most international

opinion about Ahmadinejad. We take him seriously, but he

also is now under some strain within the Iranian system, as well,

for these nuclear policies and also for his disastrous economic policies

that have been very injurious to the Iranian people.

I think your—I just wanted to address your point about NGOs.

We very much want American NGOs to be able to work inside

Iran. Here’s the problem. And you’ve—Congress has given us

money to try to promote civil society in Iran. If we—if an American

NGO tries to have a direct relationship—or the American Government—

with an Iranian NGO or a democracy activist, those people

will be harmed by that association. And so, what we have done

with the money that Congress has given us—and we’ve issued reports

to you to let you know how we think we’ve done—is try to

support international efforts, multilateral efforts, sometimes European

and Arab efforts, because those organizations would work—

can work with a greater degree of flexibility, and, sometimes, credibility,inside Iran itself. So——

There have been some legal prohibitions,

under OFAC, the Office of Foreign Asset Controls, and others, that

we have built up through the unilateral sanctions that we have deployed

over the last 27 years, that Senator Lugar referred to. There

have been some prohibitions. But since we agreed with the Congress,

about a year and a half ago, that we would try to help stimulate

civil society, we’ve been able to give some exceptions to that.

And we are quite willing to do that, and quite flexible. But the—

I think it’s more of a political barrier right now, inside Iran itself, than anything else.

Senator Lugar, thank you very much.

On the first issue, I think there’s been universal condemnation

of the Iranian Government for having taken prisoner the U.K. personnel—

the 15 people—14 men and 1 female—a couple of days ago.

I was at NATO at the earlier part of this week, and all the NATO

countries agreed to be supportive of the United Kingdom. I believe

you’ll see that also occur at the U.N. Security Council today. So,

we hope—obviously, all of us hope—that Iran will make the right

decision and release these people, because they’re entirely innocent,

and they were operating under U.N.—United Nations authority as

part of the multinational coalition. And they were clearly inside Iraqi waters.

The Russian example, I think, is very instructive of what’s been

happening around the world. About a year or two ago, there

weren’t many countries around the world that felt that they were

in a coalition trying to limit the Iranian Government. In fact, I

think there was widespread indifference to the fact that Iran was

making this buildup toward nuclear weapons, with the exception of

the European countries. But you’ve seen this rapid development

now of a major international coalition. The only countries that I

can find that are actually speaking up on behalf of Iran—so the

friends of Iran would be Syria and Belarus and Sudan and Venezuela

and Cuba; the gang of five. And that’s a pretty notorious

group of countries. Everyone else, including all that I mentioned in

my opening remarks, including some of the nonaligned leaders—

India, Brazil, Egypt, Argentina, South Africa, Indonesia—are now

all on record supporting sanctions against Iran—tough sanctions.

And I think it’s because the Iranians have essentially miscalculated.

They’ve not given anyone hope that they’re going to negotiate,

listen to the—Dr. ElBaradei, the chairman of the International

Atomic Energy Agency, or the U.N. Security Council, and

they seem just to be going full bore toward a nuclear weapons capability.

And the world doesn’t want that. And I think you put your

finger on it, the most instructive has been what Russia has done.

Russia has delayed delivery of fuel to Bushehr. Russia has clearly

indicated, publicly in the last few weeks, its frustration with Iran.

And we worked very well with Russia over the 4 weeks in the

lead-up to last Saturday’s vote for the chapter 7 sanctions resolution.

In fact, we went to Russia first. Secretary Rice had a conversation

with Minister Lavrov, and then she asked me to go and

meet the Russian Government in London, which I did, and we

drafted this resolution with them. So, Russia is fully part of this

effort to sanction Iran and to squeeze Iran and to show Iran that

there are consequences for not being willing to negotiate.

Mr. Chairman, I’m in full agreement. And

it’s what our administration has tried to do, and it’s nice to see

that—I think we have bipartisan support for this, because Congress

has been good enough to vote the funds that allow it to happen.

But look at it this way. I think it—from—and I agree with

your perspective—if we cannot have a normal relationship with the

Iranian Government, and we’re—we don’t have one right now, and

there’s no hope of an early resumption of diplomatic relations—

surely we can open up connections to people in Iran. So, we’ve done

that through our athletes. We can do that through scientists. We

can do it by bringing Iranian students—we’ve all seen the huge

long-term impact of having someone study in our country and get

to know the American people, and what that means 30, 40 years—

when that person’s in a position of some influence in their society.

There are some in the Senate and the House who want to establish

connections with the Majlis, and we support that. We think that

would be a very positive contribution, if some in the Congress could

break down some of the barriers that we’re currently unable to

break down, as in the executive part of the Government.

And we’ve tried to get smarter, ourselves. When Secretary Rice

came in as Secretary of State more than 2 years ago, we had

about—we had one person—I was tempted to say one and a half—

working full-time on Iran. We now have an Iran desk of more than

eight people—and its director, Barbara Leaf, is seated directly behind

me—and they’re doing a great job. They’re focused solely on

Iran. We’ve constructed an office of six people in Dubai, whose

job—they’re all Farsi speakers—is to talk to the thousands of Iranians

in Dubai. We have Iran-watchers, people who are focused on

Iran, in Kabul and in Baghdad, in Frankfurt, in London, places

where the Iranian diaspora congregates. And it’s very reminiscent

to what we did in the 1920s during the period between Versailles

and when Franklin Roosevelt was inaugurated. We had no diplomatic

relationship with the Soviet Union; and so, we established

what we called Riga station, which is where—which was the diplomatic

outpost designed to look into the Soviet Union, understand

it, and try to connect with it. And we sent people like Chip Bohlen

and George Kennan there, as young diplomats. And we had Riga

station in mind when we designed our office in Dubai.

And so, I think we, in government, need to be smarter about

Iran, and we’re attempting to do that. And I think we need to unleash

the power of our private sector and the American people to

create the kind of bridges that ultimately can bring, in the long

term, these two societies more closely together.

Senator Casey, thank you for your question.

Let me just say that I do have full confidence in our intelligence

community. I think that they are objective. They work extremely

hard. They understand that one of our primary foreign policy challenges

is Iran, so a tremendous amount of resources are being devoted

to the question of trying to understand the society, its politics,

but particularly to focus in on the nuclear question, and to

look at some of the questions that we’ve got to answer about the

pace of work at the nuclear complex at Natanz. Most of—I can only

speak in generalities, because we would have to go into a classified

session to speak in specifics, so I’ll just refer to the generalities by

saying I’m very well acquainted with the individuals leading this

effort in our intelligence community, and I have every reason—

every confidence that they are objective, that they are calling them

as they see them, and that’s our obligation as Federal civil servants.

And this is such an important issue for our country. The

threat of a nuclear-armed Iran, it would change the balance of

power in Europe, in negative terms, for the United States, for

Israel, our friend and ally. And we need to get this right. And we’re

all dedicated to getting it right. And I think I can say, as someone

who works with them day to day, that I have every reason to believe

that they’re approaching this with the degree of seriousness

that you would want, that you would expect.

Senator, I am—I just want to be very clear

in stating the obvious, I’m not an intelligence official, and I think

there has to be a clear line between those who are responsible for

intelligence predictions and those who are in the policy community.

And I’m in the latter community. So, I have some degree of humility

in trying to answer your question, and I would refer you to Director

McConnell’s testimony before the Senate in February, where

he, I think, addressed a question from Senator Hillary Clinton and

gave a very specific answer as to what he believed was the

timeline, the answer to the question that you posed.

I would just say, to—just to add to that, is, there’s no more serious

threat. We take it—we have to take very seriously and be

tough-minded about that threat. We have to, of course, watch the

intelligence, but keep this issue—the question you asked—So, how

many years will it take for them to produce either the capacity to

produce fissile material in a nuclear warhead, or actually to have

an industrial process that could do that, at an accelerated rate?

And we have to keep that under constant review, because there are

so many variables that go into that process that the Iranians are

engaged in. You need to watch all of them, individually and in combination.

And that is what our Government is attempting to do.

So, I think there has been a very clear intelligence estimate

made by Director McConnell, and I think it’s best for me, as a pol-

icy official, to leave the intelligence to them. But, as a policy official,

it has to be under constant review, because there’s nothing more important to us.

Thank you, Senator.

I think, actually that’s a really pertinent point of our negotiations.

The irony is that, for one of the largest oil and gas producers

in the world, they import about 40 percent of their gasoline, and

they have not been able to build up their refining capacity to the

degree they’d like. They keep the price of gas artificially low, which

has all sorts of negative effects in their economy and the streets of

Tehran—and I’ve never been there—but I understand that it’s impossible

to drive there, because there are so many cars on the road, because gasoline is so cheap.

But you’re right to suggest that there’s—this is a point of leverage

to us. And, as we look at all these points of leverage—and I

have listed five of them in my opening remarks—that are diplomatic,

economic, and military—most of us believe that what we can

do economically is probably, in the short term, the most effective

leverage we have against the Iranians, because I think the most

important thing we can say about their motivations as a country,

as a government, is that they don’t want to be isolated, they don’t

want to live the way the North Koreans have lived. They want to

integrate, and they want investment capital, and they want trade

from Europe and the Arab world. They see Dubai as their banking

capital, for instance. And the more that we can convince countries

not to do business as usual—for instance, for Japan to reduce its

export credits; Germany, Italy, and France, the four of them have

done that—for us to see more international financial institutions

shut down lending to Iran—I think you were right to suggest that

that’s the point of vulnerability. And if—and the whole point of this

is not just to be needlessly punitive, but to drive up the cost to Iran

of its behavior, and to increase the chance that we can get it to the

negotiating table, resolve the nuclear conflict peacefully rather

than militarily. The President has said, many times, ‘‘We keep all

options on the table.’’ And he’s right to say that. But there’s no

question that we are focused on a diplomatic solution, and that’s

where the great majority of our energies should be.

Thank you, Senator.

We’re seeking, and we hope to see, a change in Iranian actions

and behavior in Iraq. And, more broadly, that’s the focus of our policy

toward Iran, to see a change in behavior, a change in the actions.

Now, we have tried to connect with them. As you know, on

March 10, Zal Khalilzad, who was then our Ambassador to Iraq,

met with the Iranian Deputy Foreign Minister, the Syrian Deputy

Foreign Minister, with the Iraqi Foreign Minister, at that first

international meeting, and we agreed at that meeting, to attend

additional meetings both, at that ambassadorial level, but also at

the ministerial level. Secretary Rice would hope at some point to

sit down with her Iranian and Syrian counterparts to talk about

Iraq. And we’re trying to manage that schedule now with the Iraqi Government.

So, it is true that we understand the need to deal with the reality

of Iraq, and that is that Iran and Syria have some influence.

But our point to them is that they’re not using that influence in

a positive or productive way. I mean, look at the actions of Syria

to allow foreign fighters to fly into the Damascus airport, go overland,

across Syria, right across the Iraqi border, and then to direct

their attacks against American soldiers. We can’t countenance that.

And look what the Iranian Government was doing. As I said before,

they’re in a privileged position. Most of the Shia leadership of the

Iraqi Government now took refuge in Iran. There’s a degree of personal

knowledge and familiarity with the leadership in Tehran, the

leadership of Baghdad, that ought to give Iran a perch from which

to be influential, but they’ve not used that power. They’ve used it

positively; they’ve used it negatively. And so, our beef with the Iranians

on the subject of Iraq is, instead of just supporting a narrow

group of people—Shia militants—and giving them explosive technology

to attack American soldiers, they ought to be arguing for the

unity of Iraq, and they ought to be arguing for an end to the violence

between Shia and Sunni. But they’re not. And so, you can believe

that when we go to the table with them, as Zal did—Ambassador

Khalilzad—on March 10, and when we see them again, in

the month of April, we have an agenda, and it’s to ask the Iranians

to play a more productive role in Iraq itself.

And I would also just say, Senator, we’re seeking to sit down

with them on the nuclear issue, and they’re avoiding us. We have

a Perm 5 offer to negotiate, and they’ve avoided us now for 8

months. So, it’s not for lack of trying that there isn’t much of a con-

versation these days between the Government in Iran and the Government of the United States.

Actually, we’ve separated the two issues. On

the question of Iran’s nuclear weapons ambitions, we, the Chinese,

the Russians, and the Europeans have said, together, ‘‘We will only

negotiate if you suspend your enrichment programs.’’ Now, suspend

the programs for the life of negotiations. And the reason is, if we

went to negotiations with them, the five of us, but allowed Iran to

continue its nuclear research, there would be every incentive for

them to keep us at the negotiating table for years, and they’d just

proceed with their nuclear research. They’d have it both ways.

But we have—apart from the nuclear issue, we’ve said that we’re

willing to sit down and talk to them about Iraq in this multilateral

setting that the Iraqi Government made available, back on March

10. And we’ve said that we’re willing to go to future meetings with

them. We’ve made that very clear. But we want there to be—we’re

going to insist on a change of Iranian behavior, because right now

they’re not adding to those—to the—they’re not adding their voice

to those who are arguing for a peaceful resolution of disputes inside

Iraq, as opposed to the violence that you correctly say is dominating our news today.

Well, she and our other representatives are

willing to have future meetings on the issue of Iraq, with the Iraqi

Government, with some of the other neighbors—you know, Egypt’s

been involved—with some of the European countries, perhaps. Yes.

She’s—yes. And we are willing to do that.

But what we’re not willing to do is change our policy on the nuclear

side, which is not just a U.S. policy, it’s a Russia-China-United

States-European policy, which is quite strongly felt by all of us.

Senator, thank you. It’s hard to be precise

about that, because it does get to the question of when we think

the Iranian Government will have the capacity to produce fissile

material and nuclear weapons. And that’s a—our intelligence community

watches that, as you know, and they’ve given their own assessment

to the Congress, which is the right thing, independent of

the policy community. And we need to keep it under urgent review

and constant review, because there are so many variables that fit

into that question. And you have to try to measure, sometimes

from a distance, how well the Iranians are doing.

One of the problems we have now, for instance, just to illustrate

this, is that Iranians have begun to kick out some of the IAEA inspectors.

They began this several months ago. They’ve downgraded

their relationship with the IAEA, because, they say, of their anger

over these two Security Council sanctions resolutions. And so, we

rely a lot on the International Atomic Energy Agency and Dr.

Mohamed ElBaradei to give us a sense of the pace at which they’re

proceeding on a scientific basis at Natanz, on the enrichment and

reprocessing issue. So, it’s under constant review. And, frankly, I

don’t think it would make sense for me to say, ‘‘Well, we’ve got X

number of months or X number of years,’’ because I think that might be a misleading answer.

So, what I have said in my testimony, and what I repeated earlier

today, is that I’m confident that we have some time with which

to work and that—the key thing about diplomacy is, you’ve got to

have a little patience. And you have to be willing to be persistent

and let diplomacy play out. And so, I was—before you came in, I

was taking advantage of this microphone to say I read the Washington

Post lead editorial today, and they gave us some compliments

for our strategy, then they said, ‘‘But they haven’t stopped

the nuclear weapons program.’’ And I thought to myself, that’s a

little ambitious; we’ve only been at this now, in the Perm 5, for a

year, but we’ve built this major international coalition. And when

you have Russia and China and Indonesia and South Africa and

Brazil on our side, and you have Syria and Venezuela and Cuba

on Iran’s side, that’s a pretty good lineup for us. And we should be——

We’ve actually—this has been a high priority

for us in our relations with Brazil, India, South Africa, Indonesia,

Egypt, just to name five leading members of the Non-Aligned

Movement. And what we’ve said to them is, ‘‘Look, we’re not trying

to deny Iran—the Iranian people a nuclear—civil nuclear power,

because under the Non-Proliferation Treaty, all countries have that

right, but we are trying to deny them nuclear weapons.’’ And

there’s a big distinction, and we can keep the two separate. And

we’ve had a lot of success. When I was in Brazil, in the month of

the February, and the Brazilians were just debating in their Parliament

the implementing legislation for the first U.N. Security

Council sanctions. That’s a powerful instrument, when it’s not just

the United States or France saying to the Iranians, ‘‘You can’t have

nuclear weapons.’’ It’s all of their brethren from the developing

world, countries that they respect, countries with which they have

diplomatic relations and some economic ties. And so, it’s been very

effective for us to see these countries step forward. And, frankly,

we had very tough negotiations at the Security Council over the

last 2 weeks, but to see South Africa, Qatar, and Indonesia join the

rest of us, that was a powerful——

How tough was it—how challenging was it

to get Indonesia to come onboard here?

Well, I think that—I think that those countries,

rightfully—what happened was, the countries of the Perm 5,

including the United States, came to the rest of the Council and

said, ‘‘We have this resolution. It’s a chapter 7 sanctions resolution.

We’d like you to vote for it.’’ And I think, quite rightfully, a lot of

them—Indonesia and Qatar and South Africa—said, ‘‘OK, wait a

minute. Let’s not rush into this. Let’s talk about it.’’ And so, we

spent 8 days, about 20 hours a day, talking in New York, talking

between capitals. Secretary Rice got on the phone and talked to

President Mbeki; the President talked to the President of Indonesia.

And we took the time to try to help them understand what

was motivating us and why their climbing onboard would really reinforce

efforts toward peace and a peaceful resolution, that we

weren’t trying to somehow use this as a way to have a military confrontation with Iran.

Yes, sir. On the nuclear issue, we think the

only way we’re going to resolve this, on a diplomatic front, is to get

the negotiations to a very high level. So, what we proposed is, if

the Iranians would agree to negotiations, Secretary Rice has said

she would be there, personally. It would be the first time since the

hostage crisis of 1979 to 1981, that we would have had such a highlevel

interaction with Iranian officials. But all of us have said—

Russia, China, France, Britain, Germany, and the United States—

‘‘There’s just one part of the price of admission. You’ve got to

suspend your nuclear efforts.’’ And we’ve said, ‘‘We’ll suspend out

sanctions implementation if you’ll suspend your enrichment program.’’

So, it’s suspension for suspension. We think it’s a pretty fair

deal. And the Iranians have not yet said yes, but what we have

asked Javier Solana to do on our behalf—he’s the European Foreign

Policy Chief—we’ve asked him to make contact with the Iranians.

And he called Ali Larijani, on Monday, the Director of the

Security Council in Tehran, and say, ‘‘OK, now that we’ve sanctioned

you again, is there a way for us to work with you to get you

to the negotiating table?’’ And since the United States does not

have diplomatic relations with Iran, and it wouldn’t be in our best

interest to lead those kinds of direct talks, Mr. Solana will lead

them for us, and for the rest of the Perm 5 countries. And we hope

Iran will know that this offer that we made to negotiate with them

is on the table; we haven’t taken it off. It’s the best way forward.

Senator, thank you very much.

I will admit we were a little surprised to see those remarks. We

disagree with them. We’re under—United States military forces are

in Iraq under United Nations authority, and the United Nations

votes every year to authorize that mission. It’s an international coalition

sanctioned by the United Nations and at the invitation of

the Iraqi Government and of the Shia, Sunni, and Kurd leaders of

that government. And so, obviously we’ll seek clarification from the

Saudis. You know, in these instances, you never know, it could

have been an interpretation issue, it could have been misreported.

So, I think we have to allow for that. And I’m sure this is not going

to disrupt the very good work that we’ve been doing with Saudi

Arabia of recent months on this particular issue.

Senator, I think you’re right to focus on this

aspect. We give so much attention to the nuclear problem, as we

should, but the other big problem with Iran is, it’s essentially become

the central banker of Middle East terrorism. It’s the leading

funder of Hezbollah, Hamas, Palestinian Islamic Jihad, and the

PFLP General Command. And if you think about the Iranian agenda,

it is contrary to the Arab agenda in the Middle East, and

there’s a lot of concern among the Gulf Cooperation Council countries

about increased Iranian influence. Ahmadinejad has said—he

says that the destiny of Iran is to be the most powerful state in

the Middle East. And we see a country with an entirely negative

regional agenda. I mean, think of it this way, they oppose the moderate

Palestinians; they oppose, and are the sworn enemy of, the

State of Israel, our ally; and they’re using their influence very negatively

inside Iraq, and also in Lebanon against a democratically

constituted government. And so, we’re very concerned by this regional role.

Secretary Rice has had four meetings of the gulf countries plus

Egypt and Jordan, together as a group, since the month of September.

And there’s a real regional effort beginning, to push back

against the Iranians. And I think you’ve seen us begin to do that

with our deployments in the gulf, with our actions in Iraq. And I

can tell you, behind closed doors those Arab countries do not wish

to see Iran become the dominant country in the Middle East.

Well, I would agree with you, and I—you

know, our new Ambassador has arrived. Ryan Crocker was sworn

in yesterday. And I think we all recognize that the Maliki government

faces an extraordinary number of challenges, and we have a

great deal of sympathy with them. My sense, very respectfully,

would be that they’re not a—beholden to Iran; there are natural

ties there, personal and institutional, from the anti-Saddam coalition,

but that the Maliki government understands that they have

to have a unified national effort that includes Sunni and Kurd, if

they’re going to be ultimately successful. And we think they do understand that.

I think it might be best to ask our military

to give you an assessment of that. But what I can tell you is, I

don’t believe we have shut it down, unfortunately. We saw an

alarming rise in the number of these attacks—this is armor-piercing

explosive technology—in the latter months of 2006. And that’s

why we chose to push against them in detaining the two groups of

Iranian operatives, on December 20 and 28 of 2006, and that’s why

we’re still—have detained several of those individuals. And what

the President said on January 10 stands, we will—you know, we

will not allow these Iranian networks essentially to give the capacity

to Shia militant groups to take aim at our soldiers. And they

understand that. And we will push back against them, as we have done.

Thank you, Senator. I’m happy to respond

to your question.

I guess I would say this, that I want to assure you, as I know

Secretary Rice has done, that we are not seeking a military confrontation

with Iran. The whole thrust of our efforts has been diplomatic

for roughly the last 2 years, on the nuclear issue, as well

as on the other issues concerning Iran’s regional capacity.

Senator, I’m well aware of why you’re asking

the question. I know Senator Webb, in fact, directed this in

writing to Secretary Rice after the January 11 testimony, I believe,

and we responded to Senator Webb. So, I’ll be happy to respond to

you. It’s an important issue.

I guess I’d say three things:

First is, it’s not our intention—I just want to repeat that—to

seek a military conflict with Iran. We believe that diplomacy has

a possibility of succeeding, and we ought to try it. And we’re doing that.

Second, as a matter of the President’s constitutional authorities,

I’m not a constitutional lawyer, but I know it’s the position—it’s

the position of our Government that the President obviously has

the constitutional duty to protect the American people and protect

the United States, and, as Commander in Chief, has to be able to

exercise that authority as he sees fit.

When I say ‘‘Government,’’ I mean the executive branch.

So, I’m happy to amend it and say the position of the executive branch.

I’m used to talking to foreigners about our Government——

Which is, to them, the——

Executive branch of the United States.

And so, I—we have given—we sent, to Senator

Webb, a letter essentially making that argument, that there’s

a constitutional issue. And I would just say there’s a policy issue,

as well. And I’m much more, I think, able to address the policy

issue, as opposed to the constitutional and legal issues.

Third, I would say—and I don’t mean to disregard your question

or, kind of, not answer it by saying this—but it’s hard to answer

hypothetical questions, because you never know what your interests

will be at the time, you don’t know what the balance of forces

will be at the time. And so, it’s a little bit—it’s not really possible

for me to say, in a hypothetical situation, (a) the President would

do this, because it’s really his decision and his authority, as opposed

to anyone else’s in the executive branch.

I’d be happy to make available to you the letter that we did send,

which does represent the considered views of the State Department

and the White House, from a legal perspective, on Senator Webb’s question.

Thank you very much, Senator. I’ll—I’m

happy to address these questions.

We’re trying to produce multiple points of pressure on Iran so

that they’ll have a greater incentive to negotiate with us. So, those

are political, diplomatic, military, and economic. And I think the

ones that you’ve focused on are probably the most important. Most

people who know Iran well think that they’re most vulnerable to

economic sanctions and economic leverage, so we put a lot of attention

there. In the last Security Council resolution, passed Saturday,

we were able to convince the other countries to sanction Bank

Sepah. It’s their fourth largest bank. It’s the bank that funds their

WMD and ballistic-missile program. That was positive.

Second, we open up, in that resolution, for the first time, that

countries should now begin to watch with ‘‘vigilance and restraint,’’

are the two words used, their export credit relationship. In 2005,

the OECD figures show 22 billion dollars’ worth of export credits

made available by European companies—countries for their companies

to stimulate trade with Iran. And our message to the Europeans

is, ‘‘If we want to pressure the Iranians, we’ve got to do it

through economics, not just through diplomacy. And so, you need

to reduce the level of those export credits.’’

In the last 3 or 4 months—and we’ve been at this—arguing this

for about 6 or 7—we’ve seen Italy, France, and Germany, the three

largest countries with an economic relationship with Iran, reduce—

begin to reduce their export credit levels—not enough to our satisfaction,

but the trend is good. Japan has done more. The Japanese

state lending agencies have dramatically reduced their exposure in Iran.

So, we think this is important. We’re trying to push on this. In

fact, I was in Brussels on Monday and Tuesday, and talked to

Javier Solana, and said, ‘‘Is it now possible for the European Union

to begin to take stronger collective measures’’ in this area that you

suggest, of economics and finance? And we hope it will.

There are other countries, like Russia, with a business-as-usual

attitude. You know, Russia sells arms to Iran. They just sold Tor-

M1 missiles, air-defense missiles. And we are strongly opposed to that.

China, and its state corporations, is really open for business with

the Iranians, and we’ve told the Chinese, ‘‘You’d better be aware

of—there is a U.S. law, Iran sanctions law, that prohibits a certain

level of oil and gas investment, and if you pass—if you cross that

threshold, you may be subject to that law.’’ So, I think the presence

of that law is positive for us as a deterrent effect.

Now, finally, you’ve talked—you’ve asked about divestment and

other options. I guess I’d say this—I know there’s a bill in the Senate

that would toughen up the Iran sanctions law, and there’s two

in the House—that we would be open to supporting bills that would

turn the attention to tighten pressure on Iran. But if we choose

tactics that will essentially focus most of the efforts of our country

on the Europeans, then we end up disrupting this major coalition

we’ve built, and it becomes a U.S. fight against the Europeans,

rather than an American-European fight against Iran. And so,

we’ve said, very—respectively to Chairman Lantos and Congressman

Ross-Lehtinen in the House, that we could not support their

bill that would effectively take the waiver authority of a law away

from the President and that would turn most of our attention toward

our own allies. We want to see the heat turned up on the Iranians,

as a general proposition.

Thank you.

Senator, thank you.

I think you’re right to suggest that there’s a very delicate balance

of tactics here between sanctions and diplomatic pressure and military

exercises, on the one hand, and the threat of force, on the

other. And it’s my view that the President is absolutely right not

to take any option off the table. I think in the Middle East, it’s understood.

But the balance of our efforts are clearly focused on the

diplomatic side.

I understand we’re having that debate, and,

you know, we did our best to send our response to you when you

received the letter from our Assistant Secretary. But I would say,

from a diplomatic perspective, that all these options remaining possible

strengthen the position of the United States, strengthen our

hand in dealing with the Iranians and is not unexpected in that

kind of environment in the Middle East. But it’s——

Yes; I agree with you wholeheartedly that

the objective here should be not to wage an offensive against the

Iranian people, but to show the Iranian people we have high regard

for them, but the problem is with their government, and sanctions enable you to do that.

Thank you. You’re right, we are very careful to almost always say, in our

pronouncements, Iranian ‘‘regime’’ versus ‘‘people.’’ I just wanted to agree with you on that.

On the second question, I think it’s too early to tell much about

the promise of these talks, the Baghdad talks that started on

March 10. We had an initial meeting. It was mainly a processoriented

meeting—it lasted a couple of hours—to determine: Will

we meet again? At what level? We would want to use that forum

to try to see a change of actions and behavior on the part of both

Syria and Iran. It’s obvious that that should be our focus. And

that’s the Iraqi Government focus, as well. So, we’re open to these

conversations. But I think I’d mislead you if I said that somehow

this presents the opportunity for a breakthrough. I’m not sure we

know that yet, until we see more of what they do on the ground,

because the basis of our policy is to see a change in actions——

Ambassador BURNS [continuing]. And behavior.

I think—we thought it was the right step to

take, to open up this channel to talk to them, yes.

Senator, thank you.

We still believe the 1701 was a positive step, because it helped

us to end the war last summer between Hezbollah and Israel. But

you’re right to say that there have been some severe problems in implementation.

UNIFIL has done a good job. UNIFIL has done a better job than

I think many people had suggested. And there’s a significant number

of countries doing good work there. But it’s true that, on those

crossing points, on the Syrian/Lebanon border, there was such a

problem last summer, there still is trafficking of arms between—

from Iran and Syria to Hezbollah through those crossing points.

The border is porous, it’s not being monitored as effectively as it

should be under 1701. We are constantly working at that. But we—

it’s not within our power to produce that kind of effective mediation.

That’s the job of the United Nations.

It is also true that Hezbollah is beginning—is trying to solidify its position. I would——

I would want to give you a——

One of the reasons we insisted in the U.N.

sanctions resolution, passed last Saturday, on an arms ban from

Iran outward was because we’re still concerned by this resupply relationship

between the Iranian Government, the IRGC, and

Hezbollah, through Syria and into Lebanon. We’re very concerned

about it. Israel’s concerned about it, as they should be. So, it’s an

issue of great attention. And it’s now a sanctionable act, it’s illegal

under the United Nations Resolution, for Iran to transfer arms to anybody, including Hezbollah.

You’re right.

Thank you, Senator.

There’s no question in our mind, we’re absolutely certain that

Iran has been providing this EFP explosive technology to Shia militant groups.

I would want to go back and give you a written

answer on that so I can be completely accurate, but there have

been more than one. And I’d be happy to provide a written answer to that if you’d like.

I don’t know the answer to that question,

but I will look at it and get back to you.

It remains to be seen. We’ll have to test the

proposition. The Iranians say they want to be a positive influence

in Iraq. We disagree. We don’t think they are. One way to evaluate

that is to talk to them directly, as we have begun to do, but also

to bring other countries into the picture with us, so that a lot of

countries will be sending that same message to the Iranians simultaneously around one table.

We’ll continue to judge the Iranians by their actions, not by what they say.

Oh, I think there’s been a major effort made

by the major—by the Sunni states, by Saudi Arabia an many of the

Gulf States, to try communicate to the Iranians how destructive

and negative their whole policy has been in the gulf region—in Iraq

and also in the gulf. And there’s a lot of concern in the gulf about

Iran these days, about what countries perceive to be an increasingly

powerful Iran, and there is a great appreciation, I can tell

you, for the role—on the part of these Arab countries, for the role

that the United States is playing, militarily, in the region, including

the fact that we continue, as we have since 1949, to deploy our fleet in the gulf itself.

I very much agree. There was a famous

meeting between President Roosevelt and King Saud at the end of

World War II that cemented our relationship with Saudi Arabia,

and we have been an active participant, probably the leading participant,

in providing for security in the gulf since the close of the

Second World War. And you’ve seen that very constant through

Democratic and Republican administrations, a very constant theme

of American interest in the region. And we’re right to continue it.

Thank you.

Senator, I would say that Russia and China

are particularly important, because both have trading—major trading

relationships, both actually sell arms to Iran, and both have a

degree of political influence, which is important. And so, we have

been working with Russia and China for about a year and a half

now in a coalition to give the same message and to try to actually

sit down together with the Iranians to resolve this nuclear dispute.

And I think both those countries are important.

I would also say the Gulf Arab States and Saudi Arabia are important.

They’re immediate neighbors, there is a degree of commerce

and diplomatic relations that exists, but there’s also a great

concern by the Sunni Arab world about Iran.

And, last, I’d say, Israel. We have a fundamental obligation to

help protect Israel, and we are a very close partner with the

Israelis in trying to pursue this effective diplomacy to safeguard

Israel’s interests, as well as ours, from Iran.

Yes; it is. In fact, I can safely say that, you

know, of all the issues we deal with, with the Russian leadership

and the Chinese leadership, we have put the Iranian issue at the

very top. So, when President Bush talks to President Putin, President

Hu Jintao, when Secretary Rice talks to her counterparts in

both capitals, we let them know that, for us, what they do on Iran

with us is at the very top of our relationship with both Russia and

China. They’re—that’s not misunderstood. That’s understood.

I included Israel, in answer to your question,

because I think if you talk to most Israelis these days, and

the political leadership, and just average Israeli citizens, this has

become an existential question for them. Here you have a President,

Ahmadinejad, who says it’s the policy of his country to wipe

out Israel, wipe it off the map of the world. And he’s also the leading

Holocaust denier and has held conferences to deny the historical

accuracy of the Holocaust.

So, I was in Israel in January, and I talked to Prime Minister

Olmert, and I talked to the Foreign Defense Ministry, but just

some average people, too. And there’s a degree of concern there

which is quite palpable. And so, we keep very close to the Israelis.

We talk to them frequently. I had a whole strategic dialog with the

Israelis in January on Iraq. And we’ll continue that, because we

want to assure the Israelis that we think we can cope with this

challenge through the strategy that I suggested to this committee today.

Thank you, Senator.