Mr. Chairman, thank you so very much for holding

this hearing, very important, timely hearing and welcome to

both Under Secretaries today.

It is so important that we focus like a laser beam on Iran’s reckless

and dangerous refusal to cease Iranian enrichment in defiance

of its own treaty obligations. I am so pleased that Congress is moving

toward a final vote on the comprehensive Iran Sanctions

Accountability and Divestment Act. I read that there’s been agreement

reached between the House and Senate—Senators Dodd and

Berman—Congressman Berman—and so we may be voting on that this week.

Countless experts agree that the way to really pressure Iran is

to target its oil and gas sectors, and that’s exactly what this sanctions bill will do.

I was pleased that the U.N. Security Council approved a resolution

imposing new sanctions on Iran, despite Iran’s frantic attempt

to derail the effort. And up until the last minute, they were trying

to derail the effort. And I congratulate the administration for hanging

in there and pushing back. I certainly would have liked to see

a much tougher Security Council resolution. I’m hopeful that more

countries are finally realizing what many of us have known for far

too long—that Iran not only poses a grave threat to the security

of the Middle East, but to the security of the entire globe. Not only

could Iran use any weapon that it acquires, but it could proliferate

nuclear materiel and technologies to terror groups and rogue regimes

around the world. So, every effort must be made to stop this

from happening. I know our President feels very strongly about this.

Not only must we pass tough sanctions measures, but we must

be sure that they’re carried out and they’re enforced to the fullest.

And I’m going to ask you both about that in a minute.

But, it means going after American firms who value a quick profit

over the national security of the United States of America. This

means closing loopholes, so that U.S. firms can’t simply acquire foreign

subsidiaries that set up shop and do business in Iran. And I

can tell you that I know this has been done.

The GAO conducted a narrow study and found that the U.S. Government

awarded $880 million to seven companies between fiscal

years 2005 and 2009 that were also doing business in Iran’s energy

sector, and some of them are working in Iran today. I understand

that the comprehensive Iran Sanctions Accountability and Divestment

Act that we will hopefully pass this week and send to the

President for signature, includes a provision that requires companies

bidding on a U.S. Government procurement contract to certify

that they are not engaged in sanctionable conduct, and that means

either directly or through a shell company.

Can you assure us today, I would ask both Under Secretaries,

that this provision—this provision which means that we’re going to

really look at these companies and their shell companies, that it

will be enforced to the fullest extent possible? So that U.S. taxpayer

dollars are not awarded to companies that are skirting

United States sanctions laws and doing business with Iran?

Under Secretary Levey.

OK, because we’re going to have to hold you to it.

By almost every account, the June 9 U.N. Security Council resolution

is imposing another round of sanctions on Iran. It was not

as comprehensive as we all had hoped for, the administration,

those of us in Congress—in the end, concessions had to be made

to obtain support from China and Russia when the resolution came

to a vote. It was still—I don’t want to, in any way, take away from

the achievement, it was a great achievement, not tough enough,

but we moved in the right direction with these other countries. I

know that the administration did everything in its power to secure

a very tough resolution, but I also know that China, in particular,

didn’t make it easy.

So, my question is, why does China not see Iran as a grave

threat to both regional and international security in light of the

facts—and I’ll just go through a couple of the facts—Iran continues

to enrich uranium to higher and higher levels, it is continually

throwing up roadblocks to prevent the IAEA inspectors from gaining

access to both known and suspected nuclear facilities; just yesterday

Iran banned two nuclear inspectors from working in Iran for

filing what it has deemed false reports on its nuclear program, and

earlier this year, the IAEA released a report stating that it had

found extensive evidence of activities by Iran’s military, ‘‘Related to

the development of a nuclear payload for a missile.’’

So, in your opinion, what additional evidence does China need,

or is something else going on there?

So, let me just cut through what you said. So,

you think that China does understand the threat, but still, in all,

they push for weaker sanctions, so why is that?

So, China’s—I’m just pressing you on this, I

don’t want to make you feel uncomfortable, I know you can’t speak

for another nation’s policies, but I’m just—it’s so clear, the threat

that Iran poses. And you’re basically saying you’re not sure they

share the view that we do that it’s that much of a threat at this

time, and that we have to continue to make the case to them?

So, my last point, therefore, is that the administration

is pressing China, continuing to tell them the truth about

this threat and you’re stating that unequivocally? That will not be abated?

Thank you.