Thank you very much. Chairman Kerry,

Senator Lugar, and members of the committee, good morning and

thank you very much for the opportunity to appear before you today.

The passage of United Nations Security Council Resolution 1929,

2 weeks ago established the most comprehensive international

sanctions that the Government of the Islamic Republic of Iran has

ever faced. It reinforces the determination, not only of the United

States, but of the rest of the international community to hold Iran

to its international obligations and to prevent it from developing nuclear weapons.

At this critical moment as we vigorously implement Resolution

1929 and use it as a platform upon which to build further measures

by the European Union and other partners, it is important to

take stock of what’s at stake and where we go from here. Let me

start with the obvious. A nuclear-armed Iran would severely

threaten the security and stability of a part of the world crucial to

our interests, and to the health of the global economy. It would seriously

undermine the credibility of the United Nations and other

international institutions, and seriously undercut the nuclear nonproliferation

regime at precisely the moment we are seeking to

strengthen it. These risks are only reinforced by the wider actions

of the Iranian leadership, particularly its longstanding support for

terrorist groups, its opposition to Middle East peace, its repugnant

rhetoric about Israel, the Holocaust, and so much else, and its brutal repression of its own citizens.

In the face of those challenges, American policy is straightforward:

we must prevent Iran from developing nuclear weapons;

we must counter its other destabilizing actions in the region and

beyond; and we must continue to do all we can to advance our

broader interests in democracy, human rights, and development across the Middle East.

President Obama has made clear repeatedly—including in his

statement on the adoption of Resolution 1929—that we will stand

up for those rights that should be universal to all human beings,

and stand with those brave Iranians who seek only to express

themselves freely and peacefully. We’ll also continue to call on Iran

to release immediately Shane Bauer, Sarah Shourd, and Josh

Fattal, and all other unjustly detained American citizens, and we

continue to call upon Iran to determine the whereabouts and ensure the safe return of Robert Levinson.

We’ve pursued out broad policy goals over the past 18 months

through a combination of tough-minded diplomacy, including both

engagement and pressure, and active security cooperation with our

partners in the gulf and elsewhere. We’ve sought to sharpen the

choices before the Iranian leadership. We’ve sought to demonstrate

what’s possible if Iran meets its international obligations and adheres

to the same responsibilities that apply to other nations and

we’ve sought to intensify the cost of continued defiance and to show

Iran that pursuit of a nuclear weapons program will make it less secure, not more secure.

Last year, we embarked on an unprecedented effort at engagement

with Iran. We did so without illusions about whom we were

dealing with or the scope of our differences over the past 30 years.

Engagement has been both a test of Iranian intentions, and an

investment in partnership with a growing coalition of countries

deeply concerned about Iran’s nuclear ambitions. We sought to create

early opportunities for Iran to build confidence in its intentions.

In Geneva, last October, we supported—along with Russia and

France—a creative proposal by the International Atomic Energy

Agency to provide fuel for the production of medical isotopes at the

Tehran research reactor. Unfortunately, what appeared to be a constructive

beginning in Geneva was later spurned by the Iranian

leadership. Instead, Iran pursued a clandestine enrichment facility

near Qom, announced plans for 10 new enrichment facilities, flatly

refused to continue discussions with the P5+1 about international

concerns about its nuclear program, provocatively expanded enrichment

to near 20 percent, in further violation of U.N. Security

Council resolutions, and drew new rebukes for the IAEA in the

Director General’s most recent report a few weeks ago.

Iran’s intransigence left us no choice but to employ a second tool

of diplomacy—economic and political pressure. Passage of Resolution

1929 is the essential first step in that effort. The provisions

of 1929 go well beyond previous sanctions resolutions. For the first

time, it bans significant transfers of conventional weapons to Iran.

For the first time, 1929 bans all Iranian activities related to ballistic

missiles that could deliver a nuclear weapon. For the first

time, it imposes a tough framework of cargo inspections, to detect

and stop Iran’s smuggling and acquisition of nuclear materiels and

other elicit items. It prohibits Iran from investing abroad in sensitive

nuclear activities such as uranium mining. It creates important

new tools to help block Iran’s use of the international financial

system to fund and facilitate nuclear proliferation. For the first

time, it highlights, formally, potential links between Iran’s energy

sector and its nuclear ambitions, and it targets, directly, the role

of the Islamic Revolutionary Guard Corps in Iran’s proliferation

efforts, adding 15 specific IRGC entities to the list of designations for asset freezes.

Resolution 1929 provides a valuable new platform, and valuable

new tools. Now, we need to make maximum use of them. My colleague,

Bob Einhorn, will lead this effort for the State Department.

He’ll work closely with Under Secretary Levey, whose own leadership

on these issues for a number of years has been extraordinarily

effective. Already, the European Union has acted strongly to follow

up 1929. Its leaders decided last Thursday to take a series of significant

steps, including a prohibition of new investment in the energy

sector, and bans on the transfer of key technology, as well as

tough measures against Iranian banks and correspondent banking relationships.

Australia has indicated similar resolve, and other partners will

follow suit, shortly. Meanwhile, as Stuart will discuss in more detail,

we continue to have success in persuading a whole variety of

foreign companies that the risks of further involvement in Iran far outweigh the benefits.

As all of you know very well, the administration has been working

closely with the Congress to help shape pending legislation so

that it maximizes the impact of the wider international sanctions that we are putting in place.

The net result of this combination of economic pressures is hard

to predict. It will certainly not change the calculations of the Iranian

leadership overnight, nor is it a panacea. But it is a mark of

their potential effect that Iran has worked so hard in recent

months to avert action in the Security Council, and tried so hard

to deflect or divert the steps that are now underway.

Iran is not 10 feet tall, and its economy is badly mismanaged.

Beneath all of their bluster and defiant rhetoric, its leaders understand

that both the practical impact of Resolution 1929 and its

broader message of isolation create real problems for them. That is

particularly true at a moment when the Iranian leadership has

ruthlessly suppressed—but not eliminated—the simmering discontent

bubbled over so dramatically last summer. Millions of Iranians

went to the streets last June, and in smaller numbers over

the course of the ensuing months, with a simple but powerful

demand of their leaders: That their government respect the rights

enshrined within its own constitution, rights that are the entitlement

of all people; to voice their opinions, to select their leaders,

to assemble without fear, to live in security and peace. A government

that does not respect the rights of its own people will find it

increasingly difficult to win the respect that it professes to seek in the international community.

Sanctions and pressure are not an end in themselves. They are

a complement, not a substitute, for the diplomatic solution to which

we and our partners are still firmly committed. We continue to

acknowledge Iran’s right to pursue civilian nuclear power, but with

that right comes a profound responsibility to reassure the rest of

the international community about the exclusively peaceful nature of its intentions.

Facts are stubborn things, and it is a striking fact that Iran is

the only NPT signatory in the world today that cannot convince the

IAEA that its nuclear program is intended for purely peaceful purposes.

The Foreign Ministers of the P5+1 countries made clear in

the statement they issued on passage of Resolution 1929 that we

remain ready to engage with Iran to address these concerns. E.U.

High Representative Ashton has written directly to an Iranian

counterpart to convey this readiness. We’ve joined Russia and

France in expressing to IAEA Director General Amano a number

of concerns about Iran’s latest proposal on the Tehran research reactor,

and the TRR remains a potential opportunity in the context

of the broader P5+1 efforts to address Iran’s nuclear program. The

door is open to serious negotiation, if Iran is prepared to walk through it.

The road ahead will not be easy, and the problems before us

posed by Iran’s behavior are urgent. But there is growing international

pressure on Iran to live up to its obligations and growing

international isolation for Iran if it does not. Resolution 1929 helps

significantly to sharpen that choice. We will work very hard to implement

and build upon it. We are absolutely determined to ensure

that Iran adheres to the same responsibilities that apply to other

nations. Too much is at stake to accept anything less. Thank you.

Yes, sir, it is the concern of the administration

and the conviction. I think the dangers of stimulating a regional

nuclear arms race are quite serious, and it’s one of the concerns

that animates all of the efforts that we’re making now to

prevent Iran from developing nuclear weapons.

Well, Senator, that’s probably the subject of

a longer, closed conversation. But what I would say is that first,

you know, this administration is deeply committed to preventing

Iran from developing nuclear weapons. We want to work very

closely through a combination of both diplomatic engagement, but

also pressure, to sharpen the choices for the Iranian leadership.

Iran claims that it doesn’t seek nuclear weapons. The United

States and the rest of the international community acknowledge

the right of Iran and other states to pursue peaceful nuclear programs.

It shouldn’t be hard for Iran to demonstrate the exclusively

peaceful nature of its intentions, but the track record over the last

couple of decades is a very depressing one in this regard—a failure

to address the very specific questions that the IEA has raised about

past weaponization activities. The failure to meet not only the requirements

of successive Security Council resolutions with regard

to suspension of enrichment, but even to address, seriously, the

creative ideas, the IEA and others have put forward to try to create

some confidence, as we tried to do last October.

So, we’re going to keep at it because too much is at stake, otherwise.

But, I think our concern is growing, and the concern of the

rest of the international community is growing, too.

Well, Senator, I’ll give one example. I mean,

we’ve already seen a reckless step by Iran in increasing enrichment

from 3.5-percent levels, to 19.75-percent, near 20-percent levels.

The pretext for that was that Iran claimed it needed to do that because

it wasn’t getting outside help for the Tehran research reactor,

which requires fuel enriched to that level. I say pretext, because

the Iranians don’t have the capability to produce the finished

fuel assemblies that you need to work that research reactor.

But more to the point, we and our partners have made clear our

willingness to contribute to the provision of that kind of fuel in a

way that would build confidence for Iran. So, the fact that Iran has

nevertheless chosen to take enrichment to near 20-percent levels,

I think, is a reckless sign. And certainly, any effort not only to continue

that, but to go beyond 20 percent would be an even more dangerous sign.

Mr. Chairman, at Natanz, which is the central

nuclear facility where the IAEA conducts its inspections, you’re

absolutely right—the facility there would have to be reconfigured,

as I understand it, to enrich to higher levels and move toward a

breakout capacity, and that’s something that the IEA could see and

determine unless they were expelled from that site.

Of course, the bigger concern—which is reinforced by the revelation

of the clandestine facility near Qom in September, is that

there are other facilities under construction. And that’s why we

support the IEA so strongly in trying to ensure greater transparency in what’s going on inside Iran.

Yes, Senator Lugar. I think it is a fact—as

Secretary Gates and Secretary Clinton have also pointed out—that

over recent years, I think, the Iranian leadership has become more

closed, more dependent on the IRGC, whose role, not only in military

affairs, but also in politics and in the economic sphere, has expanded over that time.

What we’ve also seen, as that circle has become more closed, is

greater fissures within the Iranian political elite, and within the

clerical establishment, as well, and certainly a large fissure between

the elite and much of the rest of the population, as we saw

so dramatically last summer during and after the election.

That’s led us to try, in Resolution 1929, to very carefully target—

and there’s no perfect answer to this—but we’ve tried to target

many of the measures that Under Secretary Levey and I have described,

to focus on the IRGC, to focus on the leadership to try to

reshape their calculus. And we will continue, as we implement

1929, as we work with the European Union and others, to focus

those efforts as sharply as we can.

Senator Lugar, one thing I’ve learned is a

certain amount of humility in making predictions about Iranian decisionmaking.

But, I think it is a fact that—particularly the role of

the Islamic Revolutionary Guard Corps in the Iranian leadership

has increased. It is a fact, in my view, that the circle has narrowed

around the leadership, and that has led us to target our efforts as precisely as we can.

As Secretary Gates said, I think there is a reasonable chance

that those efforts—combined with the continuing possibility of diplomatic

engagement—will have an impact on the Iranian calculus.

Maybe I’ll start, and then Under Secretary Levey can join me.

Senator Lugar, first, as the White House made clear yesterday,

the administration does support the broad aims of the legislation

that the conference has reported on. We want to work with you to

help shape that legislation so that it amplifies the impact of the

international coalition that we built.

It is no secret that our international partners contain their enthusiasm

for extraterritorial applications of U.S. legislation, and

that’s why we continue to work closely with you and your colleagues

to try to ensure that the measures are going to be targeted

in a way that are going to maximize the impact on the goal, here,

which is to constrain Iran’s nuclear program, and change its calculus

and give the President the flexibility that I think is useful

to all of us in applying those measures, as well. And those are the

areas that we’re focused on. And we look forward to continuing to work with——

We certainly will be working very closely

with the members of the conference as the conference members

consider their report, to make clear the concerns we have and to

make clear our interest in producing an outcome that serves the

broad goals I just mentioned. So, we’ll be working—and we have

been working—intensively, we’ll continue to do that over the coming days.

I’ll start, just very briefly.

Senator Feingold, U.N. Security Council Resolution 1929 contains,

for the first time, an extensive, comprehensive inspection regime

modeled, in some ways, on Resolution 1874 as it applied to

North Korea. I think with vigorous implementation of those measures,

I think we’re in a far stronger position as an international

community to cut down and stop Iranian smuggling and efforts to acquire illicit items.

I think what we’ve already seen, also, Senator, is a very firm

commitment on the part of our partners to implement some of the

other notable provisions of 1929, for example, the provision banning

significant transfers of conventional weapons to Iran. Russia,

for example, has confirmed to us that it will not deliver the S–300

missile system in accordance with the new Security Council resolution.

So, I think that’s one concrete example of a firm commitment on the part of our partners.

Yes, sir, we do. And at the same time as

Resolution 1929 was passed, the Foreign Ministers of the P5+1

countries issued a statement that made clear that the door is still

open to negotiations. Kathy Ashton, the E.U. High Representative,

then wrote to her Iranian counterpart to repeat that offer directly.

And we’ve also made clear that we have a number of concerns

about the most recent Iranian proposals on the Tehran research reactor

confidence-building proposal. But in the context of our wider

P5+1 efforts, we’re certainly prepared to pursue those, as well.

So, we believe that it’s only through a combination of pressure

and engagement that we’re likely to affect the calculus of the

Tehran leadership.

Well, certainly in Africa, Senator, I think

there is an understanding of the reality that Iran’s not living up

to its international obligations on the nuclear issue. It’s striking

that all three African members of the Security Council voted in

favor of Resolution 1929 notwithstanding a very intensive Iranian

diplomatic effort to produce a different outcome.

So, we take very seriously the concern you raised and we are

staying in very close touch with our partners in Africa.

The same is true in this hemisphere. We’ve designated one Venezuelan

bank because of its connection to Iranian banks, and we

watch very carefully Iran’s relationship with Venezuela and its

activities elsewhere in the hemisphere.

Well, Senator, as you know, one of the broad

initiatives we’ve strongly supported—and hopefully once we finalize

the new 123 Cooperation Agreement with Russia we’ll be in a better

position to encourage this—is the idea of international assured

fuel supply, international fuel banks, that would provide nuclear

materiel to countries who forgo the pursuit, on their own, of enrichment

and reprocessing activities. I think that’s one promising initiative

that we can do more to support.

I think, Senator, the record of the United

Arab Emirates has improved considerably in recent years. We’ve

worked very closely with them in the application of their own export

controls and the sharing of information and law enforcement

cooperation. So, I think their record is an impressive one, now, we

want to work very closely with them to cut down and eliminate

those loopholes.

Yes.

Senator, I think China is increasingly aware

of its own stake in effective international action against Iran and

its nuclear ambitions.

China obviously has a huge economic stake in the gulf and access

to its energy resources, and I think is increasingly concerned about

the dangers that Iran’s nuclear ambitions poses to security and stability

in the gulf.

It had voted for the three previous sanctions resolutions; you’re

absolutely right—this was a very tough negotiation, but in the end

it voted for a resolution which contains some important measures.

The issue of China’s continuing or potential investment in Iran’s

energy sector is going to remain a very important concern for us,

an important priority in our bilateral dialogue with the Chinese,

and we’re going to continue to press that hard.

Well, I think they increasingly understand

the threat, I’m not sure they share the same sense of urgency that

we and others do, and we’re just going to have to keep pressing

hard. And I think in many ways, Iran’s failure to live up to its obligations

makes the case for us.

Well, I think, Senator, they increasingly

share the concern that we, and many others, have, and that was

reflected in their vote, after a tough negotiation.

I don’t want to pretend that they have exactly the same view of

tactics, or the same sense of urgency, but I think that’s why we

need to continue to press this issue, we made progress.

Yes, absolutely.

I’d just make two comments, Senator.

First, it’s important to note that Statoil announced shortly after

that testimony that they were not going to engage in new investment

in Iran and they began to wind down their operations there.

So, I think that’s an example of where, you know, the use—aggressive

diplomatic use of the Iran Sanctions Act—has actually helped

produce a result.

On the broader issue of that kind of problematic cases that we

talked about—we’ve talked about through the course of this administration,

the State Department has completed its internal review

of those cases. Secretary Clinton promised she would do this expeditiously

at the start of the administration.

There are probably—they are a number of cases, less than 10, in

which it appears that there may have been violations of the ISA.

Most of those appear to involve activities that have stopped, in

other words, involving companies that have pulled out of business

in Iran, but there are a couple that appear to be ongoing.

The next stage, after the State Department has completed its internal

review, is, you know, in accordance with the delegation of

authority to Secretary Clinton, is to consult with other agencies,

which we will do expeditiously, about what actions are appropriate,

here, and then the Secretary will make her determinations.

So, just as Secretary Clinton promised, we’re moving ahead vigorously

in this administration——

Well, Senator, it’s a fair question. The proof

will be in our actions. As I said, we’ve completed the internal State

Department review, which is a significant step, and as the Secretary

committed, we’ll move forward quickly on those cases that

appear to involve ongoing activity.

No, Senator, we’re going to enforce the law.

As I said, we have moved through and completed the internal review,

it’s not an issue of manpower. It is true, these are complicated

issues because you’ve got to sift through a lot of information—

some of it inaccurate because the Iranians have their own

interest, sometimes, in exaggerating and broadcasting in the press

stories about contracts that turn out, you know, not to be accurate

in the end.

So, as I said, the proof will be in our actions, and we’re moving

ahead expeditiously on this.

Well, Senator, I mean, I’d be glad to participate

in a closed session to talk about this in more detail. I guess

what I would do is stand by the testimony that the Vice Chairman

of the Joint Chiefs offered a couple of months ago before a different

committee, in which case he was asked a similar question. And

what he said is, it would probably take a year from today, judging

from the experience of other countries of low enriched uranium

stockpiles, to produce—for the Iranians—to produce the amount of

weapons grade materiel, highly enriched uranium that they’d need

for one nuclear weapon. That’s only the materiel, that’s not the

weapon. And he estimated, in public testimony, that it would take

3 to 5 years to produce an actual nuclear weapon. In other words,

take that enriched materiel over the course of the next 3 to 5 years

and turn it into a weapon. That was his public estimate, and I’ll

stand by that.

Yes, sir. I think the best illustration of the

strength of European resolve is what the European leaders decided

last Thursday, which was to take Resolution 1929 and not only implement

it, vigorously, to the maximum extent possible, but also to

accompany it with a number of important new measures, for example,

a ban on new European investment in the oil and gas sector,

a ban on the transfer of important technologies to that sector, including

those related to LNG where European companies, Western

companies play an exceptionally important role in terms of provision

of that technology to any countries in the world. So, those are

quite significant steps, and I think it’s a mark of deepened European

resolve now.

It is true that Iran is dependent, to a significant

degree, on the import of refined petroleum products of gasoline

for consumption, although over the last few years, as I understand

the statistics, they managed to reduced their exposure. A few

years ago, they depended for about 40 percent of their consumption

of gasoline, refined petroleum products on imports. Now, I think

the figures I’ve seen are closer to 25 percent. So, they’ve anticipated,

you know, their vulnerabilities, the kind of pressures that

could be exercised against them, and tried to act accordingly. But,

you know, there’s still a significant exposure, there.

Yes, sir. Absolutely.

Senator, I mean, this goes back to the original

proposal that the IEA put forth last October, and that we, Russia

and France strongly supported and would have participated in.

When the Iranians announced—just before the Security Council

resolution was passed, along with the Brazilians and the Turks—

their version of this proposal, we consulted with Russia and France

and subsequently provided Mr. Amano, the Director General of the

IEA a series of concerns about that, reflecting the fact that, you

know, first the situation has changed, as Senator Kerry mentioned,

before on the ground, in the sense that, you know, this is meant

to be an important confidence-building measure, 1,200 kilograms of

low enriched uranium last October would have been more than

three-quarters of the then-stockpile that the Iranians had; now it

would be less than half. The Iranians have since begun to enrich

to 20 percent. It’s not logical for them to continue to do that if

they’re getting help from the outside on the TRR.

It’s a long way of saying that we put our concerns on the table.

We’re certainly prepared to engage with the IEA and others on

that issue.

It’s not all off the table, no sir.

Senator, just to say that I do believe that

it’s a fact that the role of the Islamic Revolutionary Guard Corps

in the leadership calculation and its influence as expanded in recent

years, I think the circle of leadership has gotten smaller in

Tehran, and I think that has revealed fissures within the political

elite, as well as between the elite and much of the rest of the population.

Yes, sir, I think it has since the elections

last June.

Well, Senator, I guess what I’d say is that,

you know, we share the objective of constraining Iran’s nuclear program;

it’s one of the highest national security priorities of the

United States. What we want to try to do is work with the Congress

so that whatever new legislation gets passed in terms of im-

plementing existing legislation, we’re doing that in a way which

carries out the law, but also amplifies the effect of the international

coalition we put together. And in that sense, the kind of

waiver authority that I know the conference is discussing now with

regard to companies from countries that are closely cooperating

would be a very valuable tool, I think, in all of our interests in

terms of maximizing the pressure on the Iranian leadership.

Well, Senator, in response to an earlier

question on the Iran Sanctions Act, I did state that the State

Department has completed its internal review of a series of problematic

cases—that’s a significant step. And now we’re going to be

working with other agencies to consider appropriate actions, and

that will lead Secretary Clinton to make determinations. And so,

we’re going to apply existing law vigorously, and we want to look

carefully at the kind of flexibility that we think would help the

President in future legislation to apply maximum pressure on the

Iranian leadership.

I think that’s as significant a concern as I

can think of. But we’ve been working very closely with the members

of the conference, and we look forward to continuing that over

these next few days.

Well, Senator, we—as you know, the President,

Secretary, other members of the administration share absolutely

that sense of urgency. We understand what’s at stake, just

as you do. I think there’s an increasing number of countries in the

international community who share that sense of concern. That’s

reflected, not just in the passage of a new Security Council resolution,

but in the steps that the European Union has announced that

it’s going to take, the steps we expect other governments are going

to take. We’re going to work at this issue as vigorously as we can

because, like you, we understand what’s at stake, here.

Well, the only thing I’d say, Senator—and

Stuart may want to add to this—is I think some things have

changed. You’re right, in terms of our collective frustration with

Iran’s intransigence. But I think what we tried to do was use an

intensive period of engagement as an investment in partnership

with other countries, and it has produced some new tools of pressure

that I think—if we implement them effectively and systematically—

do have a reasonable chance, as Secretary Gates said on

Sunday, of having an impact on the Iranian calculus. And that’s

not just the Security Council resolution, it’s what the European

Union can do, it’s what other governments can do, it’s what we can

do, as well. And, you know, to just add to my response to Senator

Webb’s question earlier about, you know, the implementation of the

tools that we have, the Treasury Department, State Department

and others—as Treasury announced last Wednesday—have continued

to implement U.S. authorities vigorously. And we’ll continue to

do that, and take advantage of new legislation, as well.

I think it’s a significant illustration of Russia’s

commitment to the full implementation of the new resolution.

I think it’s significant that Russia had shown restraint in the

period of years before the new resolution. And I think it’s a good

example for other countries as they look at implementing all of the

provisions of 1929.

No, I’d just echo the same thought.

It’s going to remain a high priority for us in our dialogue with

China.

Well, I think since last June you have seen,

as you know very well, Senator, a rising concern of the international

community about the repression of Iranian citizens about

the denial of rights that really ought to be universal for Iranians.

And I think the administration, President Obama, has spoken out

clearly about that, will continue to do it. And I think it is notable

that 55 other countries joined us in this joint statement at the

Human Rights Council. They came from a variety of regions of the

world, and I think they do reflect growing concern. And that’s

something we’re—I think the United States is certainly not alone

in highlighting, and we will continue to work with others to amplify

that.

Well, Senator Wicker, I think first, two

points. Security Council Resolution 1929 does go well beyond previous

sanctions resolutions, and I think the provisions in it are significant.

I’d just cite a couple of examples: the ban on significant

transfers of conventional arms; Russia’s subsequent decision that it

will not deliver S–300 missiles to Iran in accordance with that resolution;

the ban in the new resolution on all ballistic missile activity

connected with missiles that could carry nuclear weapons; the

range of provisions in the financial sector that Under Secretary

Levey has already talked about. I think all of those provisions

provide a stronger platform than we’ve ever had before internationally.

And that’s my second point. I think we can build on that platform,

as the European Union announced it was going to do last

Thursday, in ways which further strengthen the impact on Iran of

those kind of measures. And I think that’s a significant advance on

where we’ve been before.

Well, it’s like, Senator, any negotiation anyplace.

I mean, we didn’t get everything that we wanted in that resolution,

but nor did the other parties get everything that they

wanted. And I think what we produced in the end, collectively,

especially amongst the permanent members of the Council, was a

significant step forward——

Well, sure. As I said, Senator, we didn’t get

everything that we, the United States, would have liked, if we were

just writing the resolution ourselves, but——

Sir, I don’t want to go into all of the backing

and forthing of a negotiation, but, you know, there were certainly

provisions that if we were just doing this ourselves, you know, we

would have preferred. But, I think at the end of the day, we were

able to produce, collectively, a very significant set of sanctions.

Which puts us on a very good position to build on them, with the

E.U., with steps the United States can take, steps Australia and

other countries can take.

No, Senator, it didn’t surprise me. Russia

has been quite consistent and quite clear in its concern about

measures that go beyond those in the U.N. Security Council resolution.

Well, you know, the Russians can speak for

themselves on this—I think there is concern about measures that

go beyond the forum of the U.N. Security Council. I think there’s

also concern that’s shared—it’s not only a Russian concern, it’s

shared by our European partners, too, about extraterritorial application

of other countries’ national measures. So, it’s a variety of

concerns that produced that.

I don’t think, Senator, there was any lack of

communication on this issue. I think the Turks and Brazilians,

while they share the same goals strategically, they’re firmly opposed,

both of them, to a nuclear armed Iran. We had differences

over timing and tactics, and, you know, we expressed our disappointment

in the votes that they chose to take, but we’ve also

taken note of the fact that both Turkey and Brazil have made clear

that they intend, as members of the United Nations, to implement

fully the Security Council resolution that was passed.

Well, as I said, Senator, you know, we’ve

made clear our disappointment over those votes. We also recognize

the number of areas, for example, with Turkey, where we have

common concerns. One recent example has to do with the PKK, a

terrorist group, where the United States has cooperated closely

with Turkey in support of its efforts to protect its own security.

And that’s an area in which we’re going to continue to work

together.

So, you know, these are complicated relationships with countries

that matter in lots of important ways, and we’ll have to try to work

through our differences. But they were real enough over the Security

Council resolution.

Yes, Senator, I’d be glad to start. I mean,

first, Secretary Clinton has appointed Bob Einhorn, one of her senior

advisors, to be the full time coordinator in the State Department

of implementation, exactly the kind of challenges that you

talked about, working with Under Secretary Levey, our colleagues

throughout the administration, and the intelligence community,

and importantly, working with foreign governments to make sure

that there’s vigorous implementation of these measures. Because as

significant as the new measures are, they’re only as good as the

implementation.

Second, as Stuart mentioned before, we do have in Resolution

1929, the creation of a so-called panel of experts. The Iran sanctions

regime has, up until this point, been the only U.N. sanctions

regime without such a panel, which is aimed at enforcing accountability.

It will consist of eight members, including one from the

United States, and that gives us another tool in the U.N. system

to try to hold people accountable for implementing the new resolution.

Well, sir, the comprehensive inspection regime

set up in Resolution 1874 in North Korea, is in some ways

a good model from this, and we’ve learned a lot from that experience

and had some successes. And, we will work, you know, very

closely with our friends and allies with this new panel of experts

at the U.N. to ensure that information is passed quickly, and that

we can use it to identify suspect cargos and then take advantage

of the new provisions of the resolution.

Well, it’s certainly something, Senator, we’ll

keep a careful eye on and stay in close consultation with the U.N.

Secretariat on, but I think this new panel of experts is an important

new tool.

And then—what Bob Einhorn’s efforts and his coordination of,

you know, the efforts of not only the State Department but others

in the administration, I think is also an important new tool. We

just need to plug the two together and I think that can produce

real results.

Yes, sir, the European Union, last Thursday

when its leaders met, took a very significant step in announcing a

series of measures that not only implement to its fullest, Resolution

1929, but accompany it with steps such a flat ban on new investment

in the oil and gas sector, a flat ban on the transfer of certain

important technology to the energy sector in Iran, a range of

other measures which build on the new Security Council resolution.

Australia has announced similar kinds measures. We know Canada

is considering a similar set of provisions, and we’re in touch with

a range of other governments about steps that they could take as

well.

Thanks, Senator Casey. No, we admire very

much the efforts that you and your colleagues in Congress have

made to highlight the importance of free access to information on

the part of Iranians, which is a universal right. You highlighted,

sir, one of the specific steps we’ve taken, along with Treasury, in

issuing a general license to make more accessible kinds of software,

whether it’s for e-mail or blogs that we think are very useful. The

truth is that there are at least 25 percent of the Iranian population

that is online regularly, and it’s an extremely important way of

people communicating with one another.

We’ve taken another step, which is to issue a specific waiver for

a kind of technology that helps avoid jamming, which is a—certainly

a tool that the Iranian Government has used to cut down on

the free flow of information. We applauded the Voice Act, we’ll try

to take full advantage of the kind of provisions that are in that act,

and look for other creative ways in which we can help Iranians

have access to information, just like any other society ought to

have.

Well, it’s just under the—I’ll probably get

some of the details wrong, but under the current strictures, you

know, that the U.S. Government applies to any kind of commercial

interchange with Iran, there were proscriptions on, you know, certain

kinds of equipment, and this would actually make an exception

in that case.

I’d make two points, Senator. One is that,

as I understand the bill that is being considered, it does have IRGC

provisions that would expand our authorities in this respect and

that would provide the authority to restrict U.S. business with

entities that are doing business with IRGC. But, perhaps most

important, is the implementation—I mean, it comes back to the

implementation of the U.N. Security Council resolution, because

the designation in the Security Council resolution of Khatam al-

Anbiya, which is the umbrella company that does all the—that

does a lot of this business, and then a lot of it’s subsidiaries and

affiliate companies, that it’s—it’s frankly hidden behind, since we

designated it ourselves in 2007. To have that be a global implementation

of those restrictions will be very powerful, even in their most

important industry, which is of course their energy industry.

Because they can’t attract investment, they are turning over

projects to IRGC affiliated companies. One knows that if those companies

were capable of doing those—handling those projects, that’s

how they would have handled it in the first place. They need to

contract out, outside of Iran, and those companies have a history

of contracting out with companies around the world, including in

Europe, to do the projects that they’re given as sole-source contracts

from the government.

So, we think that implementing that provision of the resolution,

the designation of the IRGC companies, is a very, very powerful—

a very, very powerful step.

I think they do, Senator. I certainly—I think

they share the strategic goal here, which is to ensure that Iran

doesn’t develop nuclear weapons, Turkey in particular, is a close

neighbor and has as big a stake as anyone in the security and stability

of that part of the world.

Well, the relationship between Turkey and

Israel, as you know, has been a complicated one for, you know, for

reasons that go beyond simply the issue of the resolution in New

York, and certainly the incident effecting the recent Gaza flotilla

was a source of real friction between them.

In the past, Turkish-Israeli relationship I think had been one of

the, you know, more encouraging developments in the region. Turkey

played a very significant role, as Senator Kerry knows, in 2008

in facilitating an indirect exchange between Syria and Israel, and

I think that was reflection of the kind of role that Turkey can play

on a range of important Middle East issues.

Well, I think the passage of the resolution—

it’s, you know, it’s not a magic cure, but it does reinforce the isola-

tion of Iran in the international community. I think it reinforces in

the region, I think, the concerns of, you know, our partners not

only in gulf but elsewhere. There are concerns about Iran’s nuclear

ambitions and about its behavior in lots of other areas, its support

for terrorist groups, its efforts to undermine efforts of Middle East peace.

So, I think in that sense the Security Council resolution has a

constructive impact in highlighting what the real problem is here

today, and the real problem is Iran’s unwillingness to live up to its

international obligations.