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“United States Policy Toward Iran”

Thank you Mr. Chairman, Ranking Member Lantos and distinguished Members of the Committee for this opportunity to discuss the United States’ policy toward Iran.

Let me begin by noting that this Committee is surely right to focus on U.S. policy toward Iran at this time. Successive U.S. administrations have recognized that Iran’s regime poses a profound threat to U.S. interests in the Middle East and more broadly across the globe. Over the past six months, however, since the August 2005 inauguration of President Mahmoud Ahmadi-Nejad, this threat has intensified as Iran’s approach to the world has become even more radical. Today, the Iranian leadership is actively working against all that the U.S. and our allies desire for the region – peace in Lebanon, peace between Israel and the Palestinians, and an end to terrorism. In fact, no country stands more resolutely opposed to our hope for peace and freedom in the Middle East than Iran.

Iran’s leadership directly threatens vital American interests in four distinct and grave areas:

- its pursuit of a nuclear weapons capability;
- its role as the “Central Banker” in directing and funding terror;
- its determination to dominate the Middle East as the most powerful state in the Persian Gulf region; and finally,
- its repression of the democratic hopes of the Iranian people.

Crafting an effective response to this Iranian threat is as important as any challenge America faces in the world today. It is critical that we succeed. The endurance of the Iranian regime and its extremist policies and the alarming stridency of its leaders, who have spent more than a quarter-century leading chants of “Death to America,” mean that inaction or failure is simply not an option. For this reason, President Bush and Secretary Rice have placed the highest priority on opposing Iran’s policies across the board in the greater Middle East region.

The dangers posed by the Iranian regime are complex and diverse, and they necessitate an equally multi-faceted and sophisticated American response. We have constructed a new and comprehensive policy that is designed to prevent Tehran from achieving each of its objectives – and as the issue of Iran’s nuclear ambitions moves this week to the United Nations Security Council, it is clear that we are on the right track.

As Secretary Rice reported to this Committee two weeks ago, our policy toward Iran is clear and focused. We seek to work within a broad international coalition of countries to deny Iran a nuclear weapons capability; to stop its sponsorship of terrorism in the region and around the world; to coalesce with Arab governments, our European allies and friends from across the world to blunt Tehran’s regional ambitions; and finally to extend support to the Iranian people, especially the millions of young Iranians who suffer due to the regime’s repression and economic misrule and crave opportunities to connect with the wider world. I will review each of

these essential components of our policy, and finish by offering my thoughts on the ways in which Congress can enhance U.S. efforts to oppose the Iranian regime.

Iran Nuclear Proliferation

The greatest immediate threat posed by the Ahmadi-Nejad government is Iran's clear desire to acquire a nuclear weapons capability.

Around the world, there is simply no substantial difference of opinion about what Iran's nuclear program is intended to achieve. Iran's actions – its history of deception and continuing efforts to avoid full cooperation with the International Atomic Energy Agency – have convinced leaders of every political persuasion, in every corner of the globe, that Iran's leaders intend to acquire nuclear weapons. In my last twelve months of countless discussions with officials from Europe, Russia, India, China and other countries, I have not encountered a single person who has found the ritualistic public denials of the Iranian leadership convincing. Not a single one has disputed the danger posed if Iran were to succeed. In short, there is no international debate about Iran's aims – it is universally agreed that Iran is seeking nuclear weapons. With the possible exception of Cuba, Syria, and Venezuela, no other country wants to see Iran succeed.

This widespread international concern represents a tremendous asset for our efforts to counter Iran's nuclear ambitions. Our diplomatic activities over the past year have been designed to assemble an ever-wider coalition of countries to prevent Iran acquiring a nuclear weapon. This coalition has grown in number and strength. We have taken over the past 12 months a series of steps to blunt Iran's ambitions and isolate it.

In March 2005, Secretary Rice announced our support for the EU-3's diplomatic negotiations with Iran, which was intended to halt Tehran's nuclear ambitions. This was a significant step forward for U.S. policy. The EU-3 offered a proposal that would grant Iran far-reaching economic incentives, including access to and assistance with peaceful nuclear reactors. The United States offered its own incentives – we agreed to consider licensing the sale of spare parts for Iran's aging civilian airliners and dropping our prior objections to Iran's bid to join the World Trade Organization. Last August, Iran rejected the EU-3 proposal, unilaterally broke off negotiations with the Europeans, and resumed uranium conversion in violation of the Paris Agreement.

This began a new and more demanding phase of our diplomatic campaign. After Iran's provocative actions, we and the Europeans worked for months and succeeded in creating a broad international coalition to pressure Iran to abandon its nuclear program. In October 2005, Secretary Rice traveled to Moscow to convince Russia of the importance of cohesion on this issue. I made eleven trips to Europe in 2005 to consult with our European allies, Russia, China and India on Iran. In November, President Bush offered public U.S. backing for a Russian proposal to supply Russian fuel for Iran's peaceful nuclear reactors in exchange for a permanent suspension of enrichment activity within Iran itself. The Iranian regime had every opportunity to change course and agree to suspend nuclear activities, but rejected the proposal and insisted on its right and intention to carry out enrichment activities on its own soil. Iran tried throughout 2005 to divide the U.S. from Europe and then Russia, China, India and other countries. But its leaders miscalculated our ability to construct a strong international coalition.

In response to Iran's difficult and confrontational approach, in late January 2006 Secretary Rice successfully persuaded all five permanent Members of the UN Security Council to vote together at the IAEA to report Iran to the UNSC. On February 4, the Permanent Five, along with a massive global coalition comprised of countries as diverse as India, Sri Lanka, Brazil, Egypt, and Yemen, spoke with one voice: These countries, all represented in the IAEA Board of Governors, adopted a resolution to report Iran's noncompliance to the UN Security Council. We agreed to give Iran thirty days to reflect on its isolation.

The thirty days is now up. Iran has not met the conditions of the IAEA. We will therefore start a new phase of diplomacy -- action by the UN Security Council starting next week. The UN Security Council is the right place to intensify the international debate on Iran's nuclear ambitions. We plan a concerted approach at the UN that gradually escalates pressure on Iran. We will shine a bright spotlight on Iran's nuclear program. We intend to participate in a vigorous international debate about Iran's nuclear ambitions. The Security Council will consider a Presidential Statement, or a Chapter 7 resolution. If after all those steps were taken Iran has not acceded to the wishes of the international community, then of course we would have to look at possible targeted sanctions, which a number of countries are already beginning to explore. Any sanctions we would consider will be specifically targeted to pressure the regime and Iran's nuclear and missile programs, rather than hurting the great majority of innocent Iranians.

Going forward, we will do everything we can to maintain the widest possible international consensus on the steps Iran must take, and continue to keep Iran isolated on this issue. Iran's leadership must realize that its only available choice is the one that serves its people's true national interests -- a strategic decision to end its pursuit of nuclear weapons.

While we make it clear that no option is off the table, the U.S. strongly supports a peaceful, negotiated settlement of the Iranian nuclear problem. That is why we supported the EU3 process, and will continue to work with all our allies through the UN to change Iran's behavior.

Our message to Tehran is clear: recommit to the Paris Agreement, return to full suspension of all enrichment-related and reprocessing activities, and return to negotiations.

Iran's Terrorist Sponsorship and Regional Ambitions

A second critical dimension of the threat posed by the Iranian regime is its role as the most active state sponsor of terrorism in the world today. Iranian leaders consider extremism and terror to be legitimate tools of propagating their influence domestically and regionally. Ultimately, our concern is focused on not simply the tool, but also the objective -- Tehran's aspiration to assert influence over its neighbors and frustrate democracy and development in the Persian Gulf and broader Middle East.

Across the region, the record of the Islamic Republic is one of violence and radicalism. This places Iran in direct opposition to each of America's most important interests in the region.

In Iraq, we have worked tirelessly and at great cost over the past three years to help Iraqis develop a pluralistic, democratic, federal, and united Iraq, which is stable and at peace with its

neighbors. This is a historic effort, and one that is ultimately led by Iraqis themselves. The Iranian people – who were among the greatest victims of Saddam Hussein’s brutality – would benefit from a secure and successful Iraq. However, for their part, the Iranian leadership has played a provocative and problematic role. They have interfered in Iraq’s internal affairs by supporting sectarian militias and extremist groups and assisting anti-Coalition forces in Iraq by supplying weapons, training and explosives. As Secretary Rumsfeld said yesterday, Iran’s activities are “harmful to the future of Iraq.” Tehran is responsible for at least some of the increasing lethality of anti-Coalition attacks in 2005 by providing Shia militants with the capability to build IEDs with explosively formed projectiles similar to those developed by Iran and Lebanese Hizballah.

Iran has also come into direct confrontation with our regional interests with its campaign to undermine the fragile progress toward peace between Israelis and Palestinians. Iran’s leadership has made no secret of its hostility toward Israel – President Ahmadi-Nejad rightly earned severe international condemnation for his outrageous vow to wipe Israel off the map. We take his words seriously. Tehran provides money, weapons, and training to HAMAS and other Palestinian rejectionist groups. Iran’s support for these groups fuels terrorist violence in Israel and the Palestinian Territories. It is intended to subvert the efforts of the international community to advance the prospects for lasting peace and security between Palestinians and Israelis. Alone among all other governments, Iran is championing the hateful language in the HAMAS covenant and encouraging HAMAS leaders to ignore the requirements of responsible leadership and the conditions articulated by the Quartet to ensure the continuation of international aid to the Palestinian Authority.

Closely related to its destructive approach to peace between Israelis and Palestinians is Iran’s long-time relationship with Hizballah in Lebanon, which is responsible for more American deaths than any other terrorist organization apart from al-Qaida. More than a year after the brutal assassination of former Prime Minister Rafik Hariri and the momentous Cedar Revolution, Lebanon has made great strides. Iran’s ongoing and extensive support to Hizballah runs in direct contradiction to the clearly articulated desire of the Lebanese people for sovereignty and democracy.

Iran is working within a coalition of rejectionists in Lebanon. Members of Lebanese Hizballah have received explosives training in Iran arranged by the Iranian government’s intelligence services. In January 2006, Ahmadi-Nejad again visited Syria and met with the leaders of Hizballah, Islamic Jihad, HAMAS, and the Popular Front for the Liberation of Palestine (PFLP-GC pro-Syrian faction). We continue to work closely with the UN and key allies to urge Lebanon to implement fully UNSCR 1559, which calls for the dismantling of all armed militias in Lebanon, including Lebanese Hizballah.

We are also deeply concerned about Iran’s unwillingness to bring to justice senior al-Qaida members who are wanted for murdering Americans and others in the 1998 East Africa Embassy bombings and for plotting to kill countless others. Iran has refused to identify these senior al-Qaida members in its custody on “security grounds.” Iran has also resisted numerous calls to transfer custody of these individuals to the U.S., their countries-of-origin, or third countries to face justice. Iranian judiciary officials claimed to have tried and convicted some Iranian supporters of al-Qa’ida during 2004, but refused to provide details.

Just as with its nuclear ambitions, Iran's support for terrorism and regional agenda requires a determined American approach and a global alliance. We have sanctioned Iran as a State Sponsor of Terrorism, and called for the regime to abide by the requirements of U.N. Security Council Resolution 1373 to deny safe haven to those who plan, support, or commit terrorist acts, and to affirmatively take steps to prevent terrorist acts by providing early warning to other states by exchange of information.

We are also devoting significant effort to ensure that Iran's efforts to sow instability among Palestinians will not succeed. Working with the Quartet, we have clearly articulated the conditions that the elected Hamas leadership must meet to ensure true international support for the Palestinian Authority and fulfill the Palestinian people's desire for a better life. At the same time, we are mindful of avoiding a humanitarian crisis and working to redirect our assistance to avoid any deterioration that might benefit Iran's radical ambitions.

We also continue to urge other governments to press Iran on its support for and sponsorship of terrorism, and on its threatening behavior towards its neighbors. Just two weeks ago, Secretary Rice met with leaders in Cairo, Riyadh, Beirut, and Abu Dhabi, and with the Gulf Cooperation Council. She highlighted the destabilizing effects of Iran's hostile foreign policy, including its support for terrorism and desire to acquire nuclear weapons. The Arab countries should not wish to see Iran contribute to nuclear proliferation in the region. We intend to work closely with the Arab governments to thwart Iran's support for terror and counter its destabilizing influences across the region.

State of Iranian Democracy and Human Rights

As we work to end the threat posed by the Iranian regime's nuclear ambitions and sponsorship of terror, we also wish to support the Iranian people in their aspirations for freedom. Some in the West watched with hope and anticipation over the course of the late 1990s, as Iranians voiced their clear desire for a government that pursued their interests in a better life, free from state harassment, ideological impositions, and isolation from the world community.

Sadly, we know the outcome of these efforts – newspapers were shuttered and journalists jailed, student demonstrators were beaten and imprisoned, and activists from all walks of life found their efforts to promote political change stymied and repressed.

The hard-liners in Iran mounted an all-out defense of their hold on the regime and its people, culminating in last June's election of Mahmoud Ahmadi-Nejad as its president. The election itself was deeply flawed :

- A small group of clerics prevented hundreds of declared candidates, including all the women, from running for President. Only a handful whose loyalty to the regime seemed assured were permitted to run.
 - Hard-liners undertook a concerted, last minute campaign through their networks of influence in the mosques, the military, and the Revolutionary Guard to mobilize support for Ahmadi-Nejad.
 - The polling was reportedly rife with manipulation and fraud.
- From this inherently flawed process came the ascent of Ahmadi-Nejad.

Some Iranian citizens may have voted for Ahmadi-Nejad with the sincere hope that he represented change from the corrupt, old guard of the regime. If so, they have been sorely

disappointed. Many who had hoped for a break from the corrupt past have been appalled by the rhetoric and policies of the new president and have seen him do nothing to improve their standard of living. The Iranian people deserve better.

His repeated denial of the Holocaust and his threats to “wipe Israel off the map” have earned the legitimate outrage of the international community, and have deeply shamed a country that – until its revolution 27 years ago – had a unique history of tolerance and a large Jewish community.

Just as his comments and actions have isolated Iran internationally, Ahmadi-Nejad has tried to turn the clock back for Iranians at home. The regime issued edicts banning Western music and demanding that Iranian television broadcast fewer programs about women’s issues. He has put forward a budget that would make Iran more dependent than ever on oil revenues, and make its economy even less competitive in attracting domestic or foreign investment.

Ahmadi-Nejad may be its most public face, but he is by no means the only hardliner or radical in the Iranian regime. Although the Islamic Republic is a complex system with multiple power centers, today, all of the levers of power in Iran are in the hands of hard-liners. These men reject the basic notion that the governed should determine their leaders and their nation’s course and who use religious faith to justify perpetuating their absolute hold on power.

Perpetuating the survival of the regime remains the highest priority for the Iranian leadership and has empowered an increasingly repressive approach to the Iranian citizenry. The regime’s poor human rights record worsened throughout 2005, including summary executions, disappearances, extremist vigilantism, widespread use of torture, solitary confinement, and other degrading treatment. Juvenile offenders were executed, and sentences of stoning continue to be handed down.

Discrimination against women and religious and ethnic minority groups, including Jews, Sunnis and Sufi Muslims, persists. The Baha’i community has faced particular harassment. In December 2005 the longest held Baha’i prisoner died in prison of undisclosed causes.

Just as the Middle East is beginning to open to greater political participation and economic reform, it is especially disturbing to note the intensifying repression of the Iranian people. Protesters have been arrested and tortured. Journalists and web-bloggers continue to be arrested and mistreated for daring to publish their opinions. In February the Iranian regime answered the pleas of Tehran bus drivers for better working conditions by sending paid thugs to beat them. Journalist and political activist Akbar Ganji has spent nearly six years in prison for his reporting on the murders of Iranian dissidents and his advocacy of a secular Iranian republic. Having endured solitary confinement, a hunger strike, and reported torture, Ganji is due to be released next week, but it is unclear whether the Iranian regime will indeed release him.

We have worked cooperatively with a range of other countries to highlight the situation of Ganji and the many other Iranians who have been imprisoned unjustly or otherwise punished by the regime for expressing their views. At the UN General Assembly, for the third year in a row, we co-sponsored and helped ensure passage of a Canadian resolution condemning Iran’s human

rights abuses. This sent an important signal to the Iranian people and their government of continued international concern at Iran's mistreatment of its citizens.

As President Bush has said, it is important that the Iranian people know we will stand with them in their struggle. We are trying to do a great deal more to help Iranians who are trying to bring about peaceful democratic change. In the face of their difficult internal conditions, the people of Iran regularly give the world reason for hope about the country's future. Iranians know that their government may punish them for voicing their views on the Internet or in the newspapers, and yet journalists continue to write provocative pieces, and thousands of other Iranians post their thoughts to web-blogs every day. They gather on the streets to demand better pay and working conditions although the forceful reaction of the regime's thugs is a bitter reality. Iranians have found ways to endure in a system that strives to deprive them of their basic rights and culture – and we are confident that they will also find ways to change that system.

What the Administration and Congress Can Do

Here, I would like to suggest how the U.S. Congress can help to support change and reform in Iran. The first and most important action that Congress can take is the appropriation of funding requested last month by Secretary Rice for an additional \$75 million to expand our effort to reach out to the Iranian people. This funding will build upon the \$10 million provided by Congress in FY 2006 to support the cause of freedom and human rights in Iran. The supplemental request would support an ambitious program of activities that will promote peaceful change and democratization in Iran.

Fifty-five million dollars, the largest portion, will be dedicated to communicating our message to the Iranian people, offering them unbiased information. Funds will be used to greatly expand our television broadcasting in Farsi into Iran to penetrate Iran's government dominated media. We will use tools we already have through the Broadcasting Board of Governors while supporting the development of competitive and independent Farsi television and radio. We intend to work through U.S. Government sponsored media, such as the Voice of America and Radio Farda, as well as broadcasting organizations in the private sector. We will seek to develop civic education campaigns that increase understanding of the rights and responsibilities of citizens in a democracy through written publications and new technologies such as pod casting, SMS messaging, and the Internet.

We plan to utilize \$15 million of the supplemental request -- in addition to the \$10 million that Congress has already appropriated -- to empower local activists and thus further human rights, support and strengthen civil society, help Iranians acquire the skills of citizenry and advocacy, support alternative political centers of gravity, improve justice and accountability, and increase tolerance and freedom of speech, assembly, and other basic rights for the Iranian people.

Finally, we will expand our outreach to young Iranians who have never experienced democracy. We will spend \$5 million on Iranian student education and international exchanges, providing scholarships as well as creating professional, cultural, sports and youth exchanges designed to build bridges between our two nations. If Iranians are banned from playing Mozart in Iran, we will help them to do so in our country.

We are also working to better ensure that we streamline the process for expeditiously awarding and allocating our grants. To this end the Department of State is working with the Departments of Treasury, Commerce, and others to secure the necessary licenses and waivers for our grantees to do their work.

Re-Authorizing ILSA

As you can see, the Administration entirely shares Congress' deep concerns about Iran -- its pursuit of nuclear weapons; its role as the "central banker" and leading state-sponsor of terrorism, including support for groups that oppose Middle East peace with violence; its destabilizing role in Iraq; and its oppression of its own people.

The House has already taken a very helpful step by giving overwhelming support to a resolution authored by Chairman Hyde and introduced by Congresswoman Ros-Lehtinen and Congressman Lantos that condemns Iranian nuclear policy and calls for a strong response by the Security Council.

As the Secretary has said, the Iran Libya Sanctions Act (or "ILSA") has been "useful to us as a tool." In particular, the existence of the law has underlined the depth of our concerns about Iran's pursuit of WMD and support for terrorism, and has provided a platform for continually raising those concerns with others.

We very much welcome the interest of the House and this committee in working with the Administration on legislation relating to Iran. We are particularly encouraged by those provisions of HR 282 that provide support for democracy in Iran. We would also support a reauthorization of ILSA for Iran (excluding Libya) for a further five-year term.

At the same time, we are concerned with those provisions of HR 282 that would strain relations with our close allies whose help we need to change Iran's behavior. Since ILSA's original enactment and the subsequent extension of the law, there has been a paradigm shift on confronting the threats posed by Iran: increasingly, other governments share our views and concerns, and are working cooperatively with us to make their weight felt. Iran is working very hard to divide the Permanent -5 members of the UN Security Council, and we believe that some of the provisions in ILSA would make it easier for Iran to succeed at this game. We believe it is essential to strengthen the unprecedented coalition we currently have in place and would be concerned about any step we might take that could complicate our diplomacy.

Further, we believe that some provisions in the bill could constrain the administration's flexibility, just when we need to be able to maintain all of our policy options for dealing with Iran. I am sure this is not the intention of those sponsoring legislation.

Finally, we must take care not to jump to conclusions about what kinds of sanctions might be appropriate. We are confident that -- if it becomes necessary -- like-minded states will be able to agree on measures that will have a significant effect on Iran's economy.

We entirely share Congress' concerns about Iran and look forward to working closely with you as we move forward. We want to keep the focus on Iran's misdeeds, not create friction and division in the camp that is confronting Iran.

State Department Capabilities

Beyond our legislative agenda, let me update you on an important initiative that the State Department has undertaken as part of Secretary Rice's global repositioning to support Transformational Diplomacy. For more than a generation, the U.S has had no diplomatic contacts with Iran – a unique state of affairs replicated in no other country in the world. We have not trained Foreign Service Officers to speak Farsi or established a significant effort to follow Iranian developments. This left a serious divergence between our capabilities and the profound challenges before us concerning Iran.

Secretary Rice directed us to address this disparity. During the last month, the State Department has created a new Office of Iranian Affairs within the Bureau for Near East and North African Affairs (NEA). We will add a significant number of diplomats to focus solely on Iran in this office, as well as adding new positions to our Democracy, Human Rights and Labor Bureau to coordinate and expedite programming for Iran. We will also create by this summer a new office focused on Iran at the U.S. Consulate in Dubai. In addition, we will increase the number of officers working on Iran at other diplomatic posts in the region. We will expand our Farsi language training to train a new generation of American diplomats in Iranian history, culture, and language.

As all of you are aware, since Iran seized our embassy and held 52 of our diplomats hostage for 444 days, we have not stationed a single diplomat in Iran or trained many officers in Farsi. We do not intend to re-open our Embassy any time soon. But we do plan to put more people, better trained, on the job of watching Iran both in the region on Iran's doorstep and here in Washington -- so that we can block its destructive policies and so that we can communicate more effectively with the people of Iran. These enhancements are a key part of Secretary Rice's Global Diplomatic Repositioning initiative to shift our people to where they are needed most.

Conclusion

Let me conclude by thanking the Congress for the effort and interest that you have devoted to Iran and for your support for our policies. As we move forward, we will need your help on a variety of fronts:

- to reach out the Iranian population with approval of our \$75 million supplemental request;
- to re-authorize ILSA in a format that facilitates the strengthening of the broad global coalition that is already achieving real progress in addressing Iran's nuclear ambitions; and
- to continue to support the Administration as we seek to stop Iran's pursuit of a nuclear weapons, its support for terrorism, its harmful meddling in the affairs of the region, and end its repression of its own citizenry.

It may be a long struggle to block Iranian ambitions in each of these areas and to roll back their dangerous policies, but it is necessary for achieving a better, more democratic future for the Middle East and greater security for U.S. interests across the world. The problem of the Iranian regime has become entrenched over the course of an entire generation, and it may require a generational struggle to address it, but we have no choice but to do so in a serious, committed and effective way.