

**U.S. Senate Committee on Banking, Housing and Urban Affairs
Testimony (as prepared) by
Senator Robert P. Casey Jr.
October 6, 2009**

“Minimizing Potential Threats from Iran:
Administration Perspectives on Economic Sanctions and Other US Policy Options”

Chairman Dodd, Senator Shelby, thank you for inviting me to speak on U.S. policy options towards Iran. This is a timely and important hearing and I appreciate your efforts to explore the options before us.

As we all now know, Iran has agreed to inspections of its uranium enrichment facility in Fordu starting October 25th. The Iranians have agreed to talks on October 19th regarding the shipment of uranium abroad for enrichment and use for medical research purposes. The international community has responded with guarded optimism. I support the Administration’s continued call for a freeze in Iran’s nuclear enrichment and encourage my colleagues to back up these diplomatic efforts with sanctions.

While the prospects for progress grew with last Thursday’s meeting in Geneva, we should not be under any illusions about this regime. Let me be clear. This is a regime which refused to recognize the will of the Iranian people in last June’s

election. This is a regime that repeatedly disregarded UN resolutions on its nuclear program. And this is a regime that previously agreed to send uranium abroad for enrichment only to later renege on the deal. This regime continues to threaten our ally Israel. And finally, Mr. Chairman, this regime continues to directly threaten the national security interests of the United States.

Iran has repeatedly claimed that its nuclear program is only for peaceful purposes, but the facts, especially in recent weeks, simply don't add up. The U.N. says Iran violated international law by not notifying the IAEA when construction on the Fordu site started more than three years ago. Why are international inspectors invited only after the regime is caught misleading the world again?

So what are our concurrent/parallel tracks moving forward? I believe that we have three.

First, the negotiations conducted by the Administration are important and should continue. At a minimum, this international effort will help to restore America's long held reputation of an honest broker, of a country that values diplomacy, and of a country that values relationships with allies and welcomes new ones.

Internationally, the U.S. is on better footing than it has been in years. Ties with

traditional allies in Europe have been strengthened. Those on the fence, like Russia and China, are showing signs of cooperation on issues that are critical to our national interests.

It is clearly in Russia's security interests to prevent Iran from acquiring a nuclear weapon capability, but that has not stopped Russian leadership in the past from engaging in commercial and military trade with the regime. As we work to build confidence with the Russian government, however, I believe that cooperation on issues like Iran can continue to improve. President Medvedev's comments at the University of Pittsburgh during the G20 meeting indicated a willingness to consider sanctions and were an encouraging first step.

While China relies on Iran for a substantial fuel imports, I trust that they are carefully weighing their need for energy against Iran's increasingly erratic and irresponsible behavior. The political and actual cost of doing business with Iran has risen considerably and may now be too high a price to pay. I hope that the Chinese will support international efforts to pressure this regime at this critical time with the understanding that these efforts could ultimately result in a more stable business and diplomatic partner in Tehran.

In short, the Administration's diplomatic efforts have put us into a position where we have a strong coalition throughout these important negotiations.

The onus will now be on the Administration to maintain and strengthen this coalition as we move forward. In the past, Iran has sought to drag out negotiations with the goal of weakening the resolve of the international community. The dynamics have changed somewhat as our French, German and British allies have been increasingly vigilant in their efforts to expose threats from Iran. The question now comes down to the Russians and Chinese, whom we hope will play an enhanced role in pressuring the regime in Iran.

Second, I believe that the Senate should do its part in providing the Administration all the tools it needs to put pressure on the Iranian regime. Iran's leaders need to know that if they decide to renege on their commitments, as has been done in the past, the U.S. is prepared to impose a series of tough sanctions, including measures that would allow state pension funds to divest from Iran and restrict petroleum imports.

The Iran Sanctions Enabling Act, which Senator Brownback and I introduced last May would allow state and local government pension funds to divest from

companies that do more than \$20 million in business with the Iranian energy sector. The measure is modeled on similar legislation passed in response to the genocide in Sudan. Eighteen state legislatures have passed individual Iran sanction measures and our legislation would bring these state efforts into line with federal law. When President Obama was in the Senate, he introduced an earlier version of this legislation. It was right in 2007, and it is right now.

Analysts have estimated that Iran requires \$20 billion annually in investments for its oil and natural gas sector. That sector directly provides funding for Iran's nuclear program as well as its support for international terrorism. Iran will only cease its illicit nuclear program, end its support for Hamas and Hezbollah and stop arming militant groups in Iraq when it is compelled to pay an economic price.

Third and finally, I believe that we need to be prepared to support democratic voices and human rights activists in Iran. This is not about regime change, but a genuine commitment to democratic values. In his speech before the UN General Assembly, President Obama said that, "There are basic principles that are universal; there are certain truths that are self-evident – and the United States will never waver in our efforts to stand up for the right of people everywhere to determine their own destiny."

Our long held commitment to human rights should not fall off the table during these important deliberations on Iran's nuclear program. In fact, these should be fully addressed and our diplomats should raise specific concerns with regard to the human rights situation in the country. Ultimately, the political fate of Iran is up to its people to decide and we should take the lead from them. We should remain open to their calls for assistance.

In closing Mr. Chairman, if history is any indication, Congress should be prepared to hand the President the leverage he needs to send a message to the Iranian regime that America cannot and will not accept an Iran with nuclear weapons. The Administration needs all the tools at its disposal to increase pressure on the regime, diplomatically, politically and through more stringent economic sanctions. I call on my colleagues to listen to legislatures in so many states across the country who have passed divestment measures. The American people do not want anything to do with investing in this regime. Let's send a strong message to this regime and the international community that a nuclear-armed Iran is unacceptable.