



Opening Statement of Chairman Edolphus Towns

House Committee on Oversight and Government Reform

July 2, 2010

“Implementation of Iran Sanctions”

Good morning and thank you all for being here.

The United States has banned nearly all trade with Iran. We have done so for good reason: the extremists who currently rule Iran are a major threat to the safety and security of their own people and to the rest of the world.

It is vitally important to the national security of the United States and its allies to persuade the Iranian regime to end its quest for nuclear weapons and to end its support for terrorism.

Since 1995, our nation has attempted to do that, by banning U.S. companies from doing any business in Iran. In

1996, the Iran Sanctions Act provided for sanctions against foreign firms that invest in Iran's energy sector.

Despite these restrictions, GAO reports that Iran is obtaining U.S. military and dual-use goods that are illegally transshipped through intermediaries in third-party nations, primarily in the United Arab Emirates, Malaysia, and Singapore.

Moreover, it was revealed earlier this year that the Federal government has awarded more than \$100 billion in contract payments, grants, and other benefits over the past 10 years to foreign and multinational American companies while they were doing business in Iran.

So, not only are some companies doing business in Iran, but they are also getting government contracts at the same time. Obviously, Federal agencies all need to get onto the same page.

Two weeks ago, Congress acted to strengthen economic sanctions against Iran. Recognizing that banking is the life blood of international trade, the Comprehensive

Iran Sanctions, Accountability, and Divestment Act (CISADA) imposes tough new restrictions on banks and insurance companies. It also requires Federal contractors to certify that they are not doing business with Iran.

However, for U.S. sanctions to be successful they must be fully implemented and enforced and I am looking forward to hearing from our witnesses about how they intend to do that.

I particularly want to thank the State Department and the Treasury Department for agreeing to testify at today's hearing.

I understand that both agencies are in the process of investigating companies that may be doing business with Iran. We certainly don't want to compromise ongoing investigations and in that regard I am going to ask the Members to be judicious in their questions.

Sanctions cannot just be a cat and mouse game where the government tries to chase after companies who are evading sanctions and undermining global security in the

name of profit. Companies – especially those doing business with the U.S. government – need to take responsibility and avoid supporting the Iranian regime.

With each passing week, as Iran moves closer to developing nuclear weapons, the stakes are raised higher. Today I look forward to hearing how we can ensure that economic sanctions are effectively implemented.

Thank you.