

WRITTEN STATEMENT  
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SENATE COMMITTEE ON FOREIGN RELATIONS  
“IRAN POLICY AND NEGOTIATIONS UPDATE”  
February 4, 2014

Good morning, Chairman Menendez, Ranking Member Corker, distinguished members of the Committee. I appreciate this opportunity to provide you with an update on the P5+1’s negotiations with Iran over its nuclear program. I come here confident that we share the same goal with regard to Iran: to prevent Iran from obtaining a nuclear weapon. Thanks to a combination of tough diplomacy and the most comprehensive targeted sanctions regime ever imposed on a country, I am certain that we are closer today to that goal than we were just a few weeks ago.

Over the next few minutes I hope to explain why that is, as well as where we believe we will be heading in the coming months. I will also update you on efforts that have not been part of the P5+1 negotiations but are similarly important: our efforts to hold Iran accountable for its human rights abuses, support for terrorism, and destabilizing activities abroad.

### **Negotiation Update**

We have long recognized that the Iranian nuclear program constitutes one of the most serious threats to U.S. national security and our interests in the Middle East. An Iranian regime armed with nuclear weapons would destabilize the Middle East, put our allies and partners in the region at risk, and undermine the global nonproliferation regime. Fully aware of the seriousness of this challenge, the P5+1 (China, France, Russia, the UK, United States and Germany, coordinated by EU High Representative Catherine Ashton) has engaged over the past months in sustained negotiations with Iran over its nuclear program. On November 24, 2013, the P5+1 took an important first step as part of that diplomatic push by agreeing with Iran on a Joint Plan of Action (JPOA). This joint plan is sequenced over the next six months to explicitly block near-term Iranian pathways to a nuclear weapon, while creating space for further negotiations to reach a long-term comprehensive solution.

A little more than two weeks ago, on January 20, 2014, the JPOA went into effect. As the President noted, the implementation of the JPOA marked the first time in a decade that Iran agreed to specific actions that halt progress on its nuclear program and roll it back in key respects. Specifically, the International Atomic Energy Agency (IAEA) verified on January 20 that, among other things, Iran: has stopped producing near-20 percent enriched uranium (UF6); disabled the configuration of the centrifuge cascades that Iran has been using to produce it; begun diluting its existing stockpile of near-20 percent enriched uranium and continued to convert near-20 percent enriched uranium to oxide for fuel plates at a rate consistent with past practices so that it will have eliminated its entire near-20 percent enriched uranium stockpile at the end of six months; had stopped installing additional centrifuges at the Natanz or Fordow facilities; and had not installed additional reactor components at the Arak facility. Moreover, on transparency and monitoring, the IAEA stated that Iran has begun providing some of the information required by the JPOA and is working with the IAEA on arrangements for increased access to its nuclear facilities. In order to carry out its responsibilities under the JPOA, the IAEA will roughly double the size of its inspection team and install additional monitoring equipment. The size of the team and the access afforded under the JPOA mean the international community's insight into Iran's nuclear program will be significantly enhanced.

This was an important first step, and over the next six months, Iran has committed itself to further actions that will provide much more timely warning of a breakout at Iran's declared enrichment facilities and will add new checks against the diversion of equipment and material for any potential covert enrichment program. Some have rightfully asked why we should trust Iran to live up to these commitments. As the President said in his State of the Union speech, these negotiations do not rely on trust; any long-term deal we agree to must be based on verifiable actions and constraints that convince us and the international community that Iran is not building a nuclear bomb.

As my colleague Under Secretary Cohen will further outline in his testimony, the United States and the EU also took a series of actions on January 20 to implement the limited, temporary, and reversible sanctions relief we committed to as part of the JPOA, including: the necessary steps to pause efforts to further reduce Iranian crude oil exports, allowing the six current customers of Iranian oil to maintain their purchases at current reduced levels for the duration of the JPOA; and issuing the necessary waivers to suspend for the duration of the JPOA sanctions on non-U.S. persons engaged in transactions related to the export of petrochemical products from Iran, certain trade in gold and precious metals to or from Iran, and the

provision of goods and services to Iran's automotive sector. In addition, the EU increased the size of financial transfers to and from Iran that are permissible by the EU without prior authorization.

As part of the JPOA, the Administration is working with its partners and Iran to establish a mechanism to further facilitate payments for humanitarian transactions and to enable Iran to make payments for medical expenses – which are already explicitly exempt from Congressional sanctions – as well as, university tuition payments for Iranian students studying abroad, and its UN obligations. The United States has also committed to license transactions for spare parts, inspections, and associated services in Iran necessary for safety of flight for Iran Air and non-designated commercial Iranian airlines.

Finally, on February 1, the U.S. government facilitated the repatriation of \$550 million in Iranian funds restricted overseas. This transaction was part of the agreement to allow Iran to access – in monthly installments through July 20<sup>th</sup> – \$4.2 billion of its own restricted funds contingent on Iran fulfilling its commitments under the JPOA.

Before moving on to what we expect in our next round of negotiations with Iran, I would like to make a couple of points. First, a number of observers have criticized the JPOA, arguing that we should have negotiated a comprehensive solution with Iran over its nuclear program from the outset. If we believed we could have negotiated a comprehensive solution from the outset in a short period of time, we would have done so. But it became apparent that such a negotiation was going to take some time, and we wanted to make sure that during the intervening period Iran did not move forward on the most worrisome parts of its nuclear program. Had we not agreed on the JPOA, Iran's stockpile of near-20 percent enriched uranium would have continued to grow, Iran would have continued to install faster and more advanced centrifuges, and Iran would have made progress on the Arak reactor. The JPOA has instead committed Iran to stop the advance of its program, roll it back in some key areas, and give us time and space to negotiate a long term comprehensive solution that will address our concerns in an enduring manner.

Second, some have argued that the JPOA will weaken the unprecedented sanctions regime we have worked with Congress to build, and that it will give the Iranian economy enough breathing room so that it does not feel pressure to negotiate a comprehensive solution. We disagree. The core sanctions architecture remains firmly in place and the relief that Iran was granted through the JPOA was explicitly and intentionally tailored to maintain pressure and our ability to negotiate the

comprehensive solution. Our analysis indicates that the JPOA appears unlikely to provide Iran any significant economic benefits, especially any that could resolve the Iranian economy's many problems. While Iran's currency appreciated after Iranian President Rouhani's election and just after the JPOA was announced, it now stands at about the same level as where it was at the time the JPOA was rolled out, perhaps reflecting a more sober assessment by the market of the limited relief it will provide. Iran's oil exports will still be constrained at levels that are down over 60 percent since 2011. This means that Iran will continue to lose \$4-5 billion per month while the JPOA is in effect compared to 2011. The \$4.2 billion being repatriated over the six months is a modest fraction of Iran's \$100 billion in foreign exchange holdings, the vast majority of which are restricted or inaccessible. And the six-month time frame will make it difficult for any long-term business to take place even in the sectors for which we have provided relief.

There is no doubt that companies are keeping an eye on Iran. We have always said Iran and its people hold vast potential. But we – the State Department and Treasury Department – have made, are making, and will continue to make, very clear to countries and companies around the world that we will vigorously enforce the vast set of sanctions that remain in place. Indeed, on December 12, 2013, we sanctioned a number of entities and individuals involved in the proliferation of WMD-related material and attempts to evade U.S. sanctions against Iran. We will remain vigilant. It is this vigilance that will keep the various trade delegations that we have seen going to Iran aspirational rather than practical.

### **Comprehensive Solution**

Later this month, the P5+1 Political Directors will meet with Iran to begin discussions regarding a comprehensive solution on Iran's nuclear program. As stated in the JPOA, our goal for these negotiations is to reach a mutually-agreed long-term comprehensive solution that would ensure Iran's nuclear program will be exclusively peaceful. Let me be clear, the JPOA represents merely the first step of the comprehensive solution we seek to reach. This comprehensive solution would build on the initial steps we have already begun to take. Ultimately, the comprehensive solution would be one under which we would be verifiably assured that Iran's nuclear program is peaceful and that Iran will not acquire a nuclear weapon.

As to specifics of what we envision, the President and Secretary have recently laid down certain aspects that are indicative of what we envision. As the President said at the Saban Forum on December 7, 2013, we know that Iran does not need to have

an underground, fortified enrichment facility like Fordow in order to have a peaceful nuclear program. They do not need a heavy-water reactor at Arak in order to have a peaceful nuclear program.

The JPOA also lays out basic elements of the comprehensive solution. Among other elements, the final step of a comprehensive solution would have a specified long-term duration to be agreed upon and reflect the rights and obligations of parties to the Non-Proliferation Treaty and IAEA Safeguards Agreements. Moreover, under the terms of the JPOA, Iran has committed itself to address the UN Security Council resolutions with a view toward bringing to a satisfactory conclusion the UN Security Council's consideration of this matter. In addition, Iran has committed to implement agreed transparency measures and enhanced monitoring. The Joint Commission set up between Iran, the P5+1 and the EU to oversee the implementation of the JPOA will also serve as a forum for discussion to facilitate the IAEA's resolution of "past and present issues of concern" – which all parties understand means the possible military dimensions of Iran's nuclear program.

One final issue to keep in mind with regard to the comprehensive solution is that, under the terms of the JPOA, we have agreed with Iran that the comprehensive solution will be part of an integrated whole where nothing is agreed until everything is agreed. What is also important to understand is that we remain in control over whether to accept the terms of a final deal or not. We have made it clear to Iran that, if it fails to live up to its commitments, or if we are unable to reach agreement on a comprehensive solution, we would ask the Congress to ramp up new sanctions. In that situation, we would be well-positioned to maximize the impact of any new sanctions because following a strong diplomatic effort we would likely have the support of the international community, which is essential for any increased pressure to work.

In comparison, moving forward on new sanctions now would derail the promising diplomacy I have just outlined, alienate us from our allies, and risk unraveling the international cohesion that has proven so essential to ensuring that our sanctions have the intended effect.

### **Terrorism, Human Rights and Regional Meddling**

Even as we pursue negotiations of a comprehensive solution on Iran's nuclear program, we will not relax our efforts to hold Iran accountable for its human rights violations and abuses, support for terrorism, and interference across the region.

We remain deeply concerned with Iran's destabilizing activities across the region, which threaten the security of partners such as Israel and our Gulf allies. Iran continues to fund, arm, train, and send troops to fight alongside the Assad regime in Syria, fueling sectarian violence and extremism. Iran also continues to arm and train militants in Lebanon, Gaza, Iraq, Afghanistan, Yemen, and Bahrain. And Iran and Lebanese Hizballah continue to pursue terrorist activity around the globe.

We are committed to working with our allies and partners to counter this destabilizing behavior. Due in part to our efforts, we have seen an encouraging trend in the past two years of increasingly firm responses from governments around the world to stand up to Iran's and Lebanese Hizballah's aggressive actions. Much of this cooperation remains sensitive and must be reserved for a classified setting, but let me cite a few examples for you.

Together with our allies and partners, we have repeatedly intercepted Iranian shipments of weapons to militants in Yemen, Afghanistan, and Gaza. Just over one month ago, Bahraini authorities seized a boat filled with Iranian explosives and arrested a dozen militants meant to receive the smuggled cargo.

We have assisted the governments of Georgia, India, Thailand, Kenya, Nigeria, and Bulgaria in investigating Iranian and Lebanese Hizballah-directed terrorist attacks and plots. Wherever possible, we have pushed these countries and their neighbors to hold Iran and Hizballah accountable for these egregious acts. Our diplomatic efforts resulted in the EU's 2013 designation of Hizballah's military wing as a terrorist organization and the Gulf Cooperation Council's blacklisting of Hizballah. And here at home, in May 2013, Mansour Arbabsiar, the man recruited by the IRGC's Qods Force to assassinate the Saudi Ambassador to the United States, was sentenced to 25 years in prison.

Finally, we have expanded our own sanctions against Iran and its proxies. In February 2013, under the Iran Threat Reduction and Syria Human Rights Act, we designated 15 senior Iranian officials for involvement in illicit nuclear activities, support for terrorism, or human rights abuses. On January 23 of this year, we designated the Deputy Secretary General of the Palestinian Islamic Jihad (PIJ), Ziyad al-Nakhalah, as a Global Terrorist. Furthermore, the U.S. Government has identified the Lebanese Canadian Bank and two Lebanese exchange houses as financial institutions of primary money laundering concern, because their activities facilitated the money laundering activities of narcotics traffickers and provided support to the terrorist group Lebanese Hizballah.

## **Human Rights**

We also continue to hold Iran accountable for its deplorable human rights record. In her December Human Rights Day speech, National Security Advisor Susan Rice said our support for the human rights of all Iranians will continue, even as we test the potential for a diplomatic resolution to the nuclear issue. With our allies, we will continue to highlight Iran's ongoing human rights violations and abuses.

As part of this work, the United States partnered with 85 other countries to support and pass this year's UN General Assembly 3rd Committee resolution condemning Iran's poor human rights record. We are now working to build support for a Human Rights Council resolution to be voted on in March to extend the mandate of the UN Special Rapporteur on the Situation of Human Rights in Iran, and we will continue to urge the international community to press Iran to allow him to visit the country and directly observe its human rights conditions.

Every week on the Virtual Embassy Tehran website and in our social media, we highlight human rights violations and abuses in Iran. We were heartened by the September and October releases of more than 40 prisoners of conscience, including human rights lawyer Nasrin Sotoudeh – whom we had highlighted on the Virtual Embassy and commended publicly following her receipt of the EU Sakharov Prize in 2012. We call on Iran to release all of its political prisoners, including Green Movement leaders Mir Hossein Mousavi and Mehdi Karroubi, who are approaching three years under house arrest with no formal charges. We will also continue to document Iran's human rights violations and abuses in our annual Human Rights and International Religious Freedom Reports, drawing attention to the government's treatment of its people. We too hear the promises of President Rouhani to his people and we will continue to support Iranians as they call on him to fulfill these promises and to ensure Iran meets its international human rights obligations.

## **American Citizens Detained in Iran**

We also continue to call on Iran to release Saeed Abedini and Amir Hekmati and support our efforts to bring Robert Levinson home. We welcome Foreign Minister Zarif's comments that clemency may be possible for Mr. Abedini and Mr. Hekmati and look forward to hearing more from Iran about this option. We repeatedly have asked the Iranian government for assistance in locating Mr. Levinson, and for Iranian authorities to permit a visit by officials of the Swiss Embassy in Tehran to

determine the well-being of Mr. Hekmati and Mr. Abedini and to release them. We are aware of the transfer of Mr. Abedini to Rajai Shahr prison and have concerns about his medical condition. We have asked the Iranian authorities to address our concerns about his health and prison conditions and transfer him back to Evin.

The President raised the three cases with Iranian President Rouhani during their September 27 call. The Secretary has raised the issue directly with Iranian Foreign Minister Zarif, including just this weekend. On the sidelines of our negotiations in Geneva, I raised the three cases with Iranian officials and urged them to address our concerns. We have raised the issue with our international partners to request they raise the cases directly with Iran and we will continue to do so until they return home. They remain a top priority of the U.S. government and we will continue to press the Iranian government to take actions to allow them to reunite with their families.

## **Conclusion**

In sum, our policy and approach to Iran remains multi-pronged, yet we seek one ultimate goal: an Iran that respects its international obligations and commitments, that respect the rights of its citizens and neighbors, and that plays a constructive role in the region. The P5+1's negotiations with Iran underscore that it is possible to begin making progress on this effort. We are not blind to the more than 30 years of difficult history between the United States and Iran or Iran's past actions, but it is important that we give diplomacy a chance to succeed. If Iran lives up to its commitments then the world will become a safer place. If it does not, then we retain all options to ensure that Iran cannot obtain a nuclear weapon. The coming months will be a test of Iranian intentions, and of the possibility for a peaceful resolution to this challenge to peace and international security.

We look forward to working closely with the Congress to advance U.S. national security interests and prevent a nuclear-armed Iran.

Thank you.