

FOUNDATION FOR DEFENSE OF DEMOCRACIES

WASHINGTON FORUM 2010: COUNTERING THE IRANIAN THREAT A CONVERSATION WITH AMBASSADOR URI LUBRANI

**MODERATOR:
CLIFF MAY,
PRESIDENT,
FEDERATION FOR DEFENSE OF DEMOCRACIES**

**SPEAKER:
REPRESENTATIVE MARK KIRK (R-IL)**

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REPRESENTATIVE MARK KIRK (R-IL): I want to thank Cliff. It's with all humility that I'm here. We just finished a great session with Bill Roggio, and I will give him the highest

compliment I can give, that he is bookmarked on my iPad – (laughter) – for the Long War Journal, which is, I think, the best on class-situational awareness, especially of the AfPak theater.

Also, I will speak to you with all humility. I am the most junior senator. One hundred out of 100 right now. I just moved out of the doublewide – (laughter) – in the Russell Senate Office Building. And I'm temporarily in Roland Burris's office, the senator I replaced. But I'm told we'll have to move again, so we're kind of vagabonds in the Senate right now. Let's hope we find a permanent place.

The FDD, I just want to compliment also, is doing very good work. The foundation helped us in developing better details and awareness on the gasoline-sanctions issue. And it has been a great resource to the Congress.

As you heard, as a U.S. congressman, I've spent quite a lot of time focusing on the threat from Iran. Now as a senator, I will do the same. When we look at Iran today, we don't see a lot of good news: a nuclear program that is accelerating, a ballistic-missile program that is expanding and the wholesale disregard of human rights.

On November 23rd, the International Atomic Energy Agency released its latest report on the implementation of the Nonproliferation Treaty safeguards in Iran and the status of Iran's compliance with Security Council resolutions 1737, (17)47 and 1803. The findings show that the average monthly rate of low-enriched uranium production increased, with many additional centrifuges working by the end of the reporting period.

Iran's total LEU production at Natanz fuel-enrichment plant as of October 31st is now reported to be over 3100 kilograms of low-enriched uranium hexafluoride, including 380 kilograms estimated by Iran to have been produced since August 6th. As of November 5th, Iran was enriching uranium in 29 cascades with over 4800 P1 centrifuges, up from under 3800 centrifuges during the last reporting period.

Separately, the U.N. Security Council released a report on North Korea on November 10th detailing North Korean cooperation with Iran on nuclear and ballistic-missile activities. According to the report, quote, "The panel of experts has reviewed several government assessments, IAEA reports, research papers and media reports indicating continuing DPRK involvement in the nuclear- and ballistic missile-related activities of certain countries, including Iran, Syria and Myanmar."

The report continues, quote, "Evidence provided in these reports indicates that the DPRK has continued to provide missiles, components and technology to certain countries, including Iran and Syria, since the imposition of these measures. The DPRK is also believed to use air cargo to handle high-valued and sensitive arms exports. Such cargo can be sent by direct air cargo from the DPRK to the destination country. Some modern cargo planes, for example, can now fly nonstop from the DPRK to Iran when routed directly through neighboring airspace," unquote.

Before we ask, where do we go from here, it's important to look at where we have come from. As you heard, in 2005, Congressman Rob Andrews, Democrat of New Jersey, and I conducted a very careful analysis of Iran's economy and discovered its surprising weakness despite its status as a leading OPEC nation. The regime has so mishandled the economy that it lacks sufficient refining capacity for its own gasoline needs.

In 2005 and again in 2006, we introduced resolutions calling for a multilateral restriction on gasoline deliveries to Iran as the most effective economic sanction to bring Iran's leaders into compliance with their international commitments under the NPT. Recognizing its exposed

weakness, Iran then implemented a nationwide gasoline-rationing program to reduce its dependence and hired international firms to develop domestic refineries.

But even with these measures, most experts now put its dependence on imports at 25 to 40 percent of Iran's total gasoline needs, and this is a critical weakness which we should exploit.

In 2007, we authored the Iran Sanctions Enhancement Act, which extended the current U.S. sanctions to the provision of gasoline to Iran. Last year, I successfully offered the amendment to the State Department Foreign Operations Appropriations Act prohibiting the U.S. Ex-Im Bank from financing any company involved in providing gasoline to Iran. This is the first gasoline sanction to pass the House of Representatives and now is law.

Also last year, I introduced the Kirk-Andrews bill with Congressman Brad Sherman, Democrat of California. And a version of legislation was included in the final compromise Iran sanctions bill that was signed into law on July 1st. That comprehensive bill went beyond gasoline sanctions and included key sanctions targeting banks with corresponding relationships, with banks doing business with Iran and sanctions targeting abusers of human rights.

In addition, the act required the administration to make a series of reports to Congress on the violations of the law. In my view, we should move forward in the weeks ahead with a five-pronged strategy: First, to enforce the Iran Sanctions Act of 1996, which prohibits investment in Iran's oil and gas sector. The Congressional Research Service identified a number of companies that may be in violation of ISA. Congressman Ron Klein, Democrat of Florida, and I wrote to the administration repeatedly on this issue.

These companies may include Total of France, ENI of Italy, Bow Valley of Canada, Norsk Hydro of Norway, Gazprom of Russia, Lukoil of Russia, GVA Consultants of Sweden, Sheer Energy of Canada, China National Petroleum Company, GS Engineering and Construction of South Korea, Statoil of Norway, Inpex of Japan, Petrobras of Brazil, Sinopec of China, PTT of Thailand, JGC of Japan, Daelim of South Korea, SKS Ventures of Malaysia, Belneftkhim of Belarus, Edison of Italy, Petro Vietnam Exploration and Production Company, INA of Croatia, Uhde of Germany and Tecnimont of Italy.

And by the way, a copy of this speech is available if you'd like to see that list.

Other companies identified by CRS which have pending or preliminary deals to invest in Iran's energy sector include CNOOC of China, Repsol of Spain, the Turkish Petroleum Company, OMV of Austria and Petroleos de Venezuela.

Amazingly, the administration has so far sanctioned only one entity under the ISA, the Swiss-based Naftiran Intertrade Company – NICO – despite clear evidence of involvement in the Iranian energy sector for these other firms.

In fact, five companies – ENI of Italy, Total of France, Statoil of Norway, Royal Dutch Shell of Britain and the Netherlands, and Inpex of Japan – were given an official reprieve through the special rule of the new comprehensive sanctions bill. This special rule allows the administration to indefinitely delay investigation of companies as long as the company has, quote, "pledged," unquote, to stop doing business with Iran.

Now, Under Secretary of State Burns stated before the House Foreign Affairs Committee last week that he expected companies protected by the special rule to be out of Iran, quote, "within weeks". So instead of decisive action as authorized by U.S. law, we're still taking these companies at their word.

But in accordance – but according to research provided by the FDD, there is no evidence that these firms will end their existing contracts in Iran. Moreover, according to the Congressional Research Service as of yesterday, the administration has not delivered to Congress two key reports that were due October 1st: a report on investments in Iran’s energy sector since 2006 and a report on activities of export-credit agencies of foreign countries in guaranteeing financing for trade with Iran.

These reports would provide impetus to pursue violators as mandated under the law. And the administration should provide this to the Congress.

Now, second, we need to enforce the new gasoline sanctions enacted in the comprehensive Iran sanctions bill. While we have seen several of the companies ending their business with Iran since enactment, we have seen others moving in to supply the regime. Sanctions are meaningless if they are not enforced.

According to research conducted by the foundation, the following companies provided Iran with gasoline since July 2010: Golden Crown of the UAE, UNIPEC of China, Tupras of Turkey, Guandong Zhenrong of China, the Royal Oyster Group of the UAE.

We are also seeing a disturbing trend from China. This is a permanent member of the U.N. Security Council that regularly sanctions Iran stepping in to provide new energy investments in Iran. As documented by the foundation’s September 2010 report, Chinese companies include CNOOC, CNP, Sinopec and the Zhuhai Zhenrong Corporation – all continuing to do business in Iran.

In fact, in July 2010, Iran’s deputy oil minister stated that China invested approximately \$40 billion in Iran’s energy sector and, quote, “the volume of Chinese investment in upstream projects is \$29 billion.” And China had signed roughly \$10 billion worth of contracts with Iran for petrochemicals, refineries and pipeline projects.

For all the companies that I’ve named here today, no matter where they are located or headquartered in the world, the administration should enforce U.S. law and sanctions designed to prevent the emergence of an even greater danger later.

Third, we need to start enforcing the new banking sanctions enacted under the comprehensive Iran sanctions bill. Under the new law, banks must stop doing business with banks that do business with Iran. If enforced, the provisions would make it more difficult for Iran to access the dollar and other major currencies.

Although the Treasury Department issued the relevant regulations on August 16th, laudably ahead of the mandated deadline, no entities have actually been held accountable under the act. Separately, the administration should move quickly to sanction Iran’s central bank, Bank Markazi, and prohibit U.S. banks from dealing with any financial institution that helps the central bank facilitate circumvention of U.N. resolutions on Iran. This was originally authorized in Section 311 of the USA PATRIOT Act and also called for in the comprehensive sanctions bill.

Fourth, we must continue targeted financial sanctions against individuals and entities that support terrorism and proliferation, especially entities with ties to the IRGC. Treasury Under Secretary Stuart Levey has done a good job on this front, and we should support his continued efforts.

And finally, we must do more to help Iran’s Green Movement and promote human rights inside the regime. The United States needs a comprehensive and cohesive strategy to promote human rights and democracy in Iran. I believe that the threat we face in Iran has a parallel to the

threat that we faced in the Soviet Union: a repressive dictatorship that denies its citizens basic human rights while bullying its neighbors, building nuclear weapons and threatening destruction of America's allies.

History teaches us how to win. In the end, we won the Cold War because we never lost the conviction of our own convictions. It's time for the American strategy to come forward to promote a new human-rights agenda for Iran.

To start, the administration should make human rights a central tenet of future negotiations with Iran. No meetings should go by with Iranians without an American diplomat raising the issue of human rights, specifically including the names of prisoners of conscience.

The president should speak directly and publicly to the dissidents of Iran. He should name their names directly from the White House podium and make them heroes across America. He should invite members of the Green Movement to meet with him at the White House. And if any U.S. government is invited to visit Iran, they should not accept the invitation unless they secure meetings with Iranian diplomats.

Overall funding for Iran democracy promotion should be increased and dedicated to an appropriations line item entitled Iran Freedom Support, with the control of the funds transferred from the State Department to the National Endowment for Democracy.

The United States should take the lead to facilitate the Green Movement in congresses outside of Iran, whether in the United States or in Europe. We need an injection of creativity and originality in our international broadcasting programs. While Radio Farda continues the mission of Radio Free Europe, we should work to establish new public/private partnerships to fund independent Iranian filmmakers and producers, a new way to foster more original content.

VOA Persian and Radio Farda should set up a green hour for broadcast and expand their interaction with Iranian dissidents. With the recent prison sentencing of Iran's Bahai leadership just for practicing their religion, this mission is a personal one for many Illinois families. As Ronald Reagan did during the Cold War, the president should speak out regularly about human-rights abuses in Iran and make individual political prisoners household names throughout America.

For the Bahais in prison, I will speak their names directly: Raha Sabet, Sasan Taghva, Haleh Rouhi, Fariba Kamalabadi, Jamaloddin Khanjani, Afif Naeimi, Saeid Rezaie, Behrouz Tavakkoli, Mahvash Sabet and Vahid Tizfahm. For all of these political prisoners in Iran, we say that American families know your struggle and we think about you each day. We know this: that an Iranian government that respects the rights of its citizens will be less likely to sponsor international terrorism or seek the destruction of neighboring countries.

Finally, we must continue to increase our military deterrence against Iran's growing ballistic-missile threat so that if in the end, our diplomatic efforts are unsuccessful, the United States and our allies, especially Israel, have a bottom line.

From 2001 to 2003, I worked to provide Israel with access to American eyes in the sky – real-time satellite data to increase Israel's early-warning time from less than a minute to 12 minutes. Eyes in the sky – (applause) – thank you. Eyes in the sky established the precedent of U.S.-Israel cooperation on satellite early warning, but it only solved one challenge: missile detection. It did not contribute to the intercept capability. For that, we needed to deploy a forward X-band radar to Israel to maximize intercept opportunities.

For years, Israel relied on its Green Pine radar that can only see a missile threat 500 kilometers out. With such a short detection range, Israel would be forced to launch one of its Arrow antimissiles before the threat's trajectory was known. I proposed that we dramatically upgrade Israel's capability with the best the U.S. had – the X band. This would give our ally the ability to double the current range of its radar, sending its interceptor missiles in a far more accurate and successful direction.

After months of hard work, we finally got the X band delivered, and this is the first permanent deployment of the United States military to protect the state of Israel. Last year, I had the chance to actually visit the site, so now we must do more. We must complete the Arrow-3 missile system to give Israel a very long-range interceptor to hit the more advanced Iranian Shahab-3 missile, and we must deploy the Airborne Laser to Israel to show Iran that the United States and Iran are collaborating on breakthrough technologies to eliminate Iranian missiles over Iran. (Applause.)

Ballistic missiles are most vulnerable when they are at the earliest stage of flight. They are moving relatively slowly with a 50-foot sheet of flame behind them, showing their location. The Airborne Laser would provide a speed-of-light capability to destroy ballistic missiles quickly, letting the Iranians deal with their own missile garbage as it fell back on their own territory.

The ABL operates at more than 40,000 feet in altitude and can fire beyond 600 kilometers. On February 11th, the ABL successfully destroyed a flying ballistic missile over central California. Given the existential threats posed by the Iranian ballistic missiles to Israel, the United States should begin full cooperation with the state of Israel on the Airborne Laser program.

In the end, democracies are best when they stick together, and the United States has no greater ally in the Middle East than the state of Israel. But we know that Iran's nuclear program does not only threaten this key ally, it poses a direct regional threat to stability in the area, to European security and, eventually, to the national security of the United States.

An Iranian bomb will also likely give birth to a Saudi and Egyptian bomb. In sum, the Middle East of the future could become a chamber of horrors for the coming generation of American admirals and generals.

For too long, administration after administration has dragged its feet on the real, meaningful, crippling, potentially imploding sanctions that we could level against Iran. We have not brought the full weight of the United States economy and her ability to bring pressure on the Iranians to date, but we should. Time is not on our side. We must act now or suffer under a very, very dangerous brave new Middle East armed with nuclear weapons.

And so as I begin my term in the Senate, this is what I'm going to work on. Thank you very much. (Applause.)

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