

THE JCPOA NEGOTIATIONS AND UNITED STATES' POLICY ON IRAN MOVING FORWARD

HEARING

BEFORE THE

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WEDNESDAY, MAY 25, 2022

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Robert Menendez, chairman of the committee, presiding.

Present: Senators Menendez [presiding], Cardin, Shaheen, Coons, Murphy, Kaine, Markey, Booker, Schatz, Van Hollen, Risch, Rubio, Johnson, Romney, Portman, Paul, Young, Barrasso, and Rounds.

OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee will come to order.

Before I deliver my opening remarks on this hearing, let me take a moment to acknowledge the senseless massacre at Robb Elementary School in Uvalde, Texas, an overwhelmingly Latino community.

Once again, we are faced with the heartache and despair of witnessing a mass shooting that takes the lives of children, who, like any other child in America, went to school to learn, not to be executed.

Let us be clear. Every mass shooting is the result of a policy failure. Guns, especially assault weapons equipped with high-capacity magazines, do not belong in our communities, and in no circumstances should those who seek to do harm with such weapons have greater rights than the nation's children, to whom we have a precious obligation to protect.

While our thoughts and prayers are with each one of the families that are grieving this unimaginable loss, we must go beyond thoughts and prayers and take action. Every day that goes by without common-sense gun reform is a setback in our ability to promote American virtue and values to the rest of the world.

I have three granddaughters. One is in elementary school now in a kindergarten. She goes through active shooter drills. What are we waiting for? There must be some common ground under which we can, ultimately, come together to prevent these senseless acts of violence.

Turning to today's hearing, I appreciate, Mr. Malley, your appearance today. I appreciate your service to our country, and I ap-

preciate the Administration's efforts in attempting to negotiate a longer and stronger JCPOA.

The facts are the facts. As we meet here on May 25, 2022, Iran is closer than ever to developing a nuclear weapon. It is on the brink of enriching enough 60 percent uranium for a nuclear weapon.

The Iran of May 2022 is a much more dangerous threat and a far less interested party in negotiating than the Iran of 2015. A deal under which Iran has far less than a 6-month breakout time with sanctions relief, in return that will unlock millions of dollars, and no sunset extensions, is definitely not longer and stronger. It is shorter and weaker.

Now clearly this reality is in part due to President Trump's decision to walk away from the JCPOA without a plan, a strategy, or any allies alongside. The U.S. having left the agreement, Iran decided it no longer needed to abide by it and rushed forward with accelerating its enrichment capabilities to the doorstep of nuclear-grade uranium. Iran made this decision even though our European allies had stayed in the deal.

As the Administration worked with our allies to negotiate a return to the 2015 nuclear deal, Iran worked to stockpile nuclear material. As the Administration negotiated, Iranian drones loaded with ball bearings and shrapnel hit American facilities.

As the Administration negotiated, Iran has developed what former CENTCOM commander General Frank McKenzie says is "overmatch" in its ballistic missile program, so it can launch more missiles than the United States and our partners can shoot down. Missiles that Iran points at U.S. troops in the region. Missiles that Iran points at our ally, the state of Israel, which Iranian leaders have said should be "wiped off the face of the earth."

Meanwhile, Iran unlawfully detains American citizens and citizens of our European allies on trumped up charges for political chits. Lest we forget, Iran abuses, oppresses, and violates the human rights of its own citizens.

In short, Iran has dragged out this process, driving up its demands and exerting its leverage, convincing the world that the United States wants the JCPOA more than the Iranian regime does.

After months of negotiation, this is the Iran we must contend with, not the Iran you hoped would be driven by practical considerations at the bargaining table. Today's Iran is buoyed by China, who it is reported just in April imported 650,000 barrels a day of oil from Iran, oil which should be subject to U.S. sanctions.

Even at discounted prices, this has resulted in a flood of cash for the regime, tens of millions of dollars per day. Today, Iran is protected by Russia. Iran thinks it has options. If Iran wants to extract a better deal or concede less than U.S. national security demands, it can turn to its autocratic allies.

Now the Administration said months ago that without a return to the original 2015 agreement by the end of last February, the nonproliferation benefits of the deal would be greatly diminished.

To quote Secretary Blinken on January 21 of 2022, which is 4 months ago, he said, "The talks with Iran about a mutual return to compliance with the JCPOA have reached a decisive moment. If

a deal is not reached in the next few weeks, Iran's ongoing nuclear advances will make it impossible to return to the JCPOA."

It is late May. It is 3 months later than that determination. So, how is it that Iran is still advancing its nuclear program by leaps and bounds? The knowledge Iran is gaining from these advancements can never be erased, and we continue to wait and hope, but hope is not a national security strategy.

I believe in a diplomatic path, but we must ask, using every tool we have, how do we serve the U.S. strategic interests here? If Iran were to break out tomorrow, what is the United States prepared to do?

If Iran begins to enrich uranium to 90 percent, what is the United States prepared to do? Using every bit of leverage and deterrence, how do we stop Iran from mastering the weaponization for a nuclear device?

I want to hear the Administration's plans to better enforce the sanctions regime we have put in place that now looks like a sieve. I want to hear your plans for working in lockstep with our European and other allies around the globe to sharpen Iran's choices.

I would like to hear the Administration's plans in detail for what the Administration is prepared to do to stop the growing oil trade between Iran and China and Iran's oil trade with Venezuela and Syria.

I want to hear your plans for how to end Iran's hostage-taking of our citizens and I want to hear your plans for how the Administration is going to bring home Americans wrongfully detained in Iran—Siamak and Baquer Namazi, Emad Sharghi, Morad Tahbaz—with or without the JCPOA, and, of course, we can never forget about Bob Levinson and his family.

I want to hear your plans to bolster the security of our partners in the region, so they can defend themselves with or without a return to the JCPOA. The United States must demonstrate we have the will as well as the military capabilities if absolutely necessary to defend our people and our interest. We must back up President Biden's statement that Iran will "never get a nuclear weapon on my watch."

I think we must prepare for the increasingly obvious reality we face in 2022. A return to the 2015 nuclear deal is not around the corner and I believe it is not in the U.S. strategic interest.

We need to tackle what comes next, and we need to hear your plan. I hope your testimony today can begin to lay the groundwork of such a strategy, but if that plan includes the possibility of a deal with Iran, I want to make clear that it must be subject to congressional review under the Iran Nuclear Agreement Review Act of 2015. Congress has and will continue to play an important role with respect to Iran policy, and I would expect the Administration to follow the law.

With that, let me turn to the ranking member for his comments.

**STATEMENT OF HON. JAMES E. RISCH,
U.S. SENATOR FROM IDAHO**

Senator RISCH. Thank you very much, Mr. Chairman.

First of all, Mr. Malley, thank you for taking the time to meet with me, which you do from time to time, and I sincerely appre-

ciate it. You do not have a difficult job; you have got an impossible job.

The Administration has given you something that—they have given you a rubber hammer to do a job that a steel mallet could not do, and I appreciate your initial efforts in that regard.

As we discussed in our most recent meeting, the time has long since passed and it is time to turn our attention in other directions.

Here we go again. The Administration has argued that Iran is galloping towards a nuclear device and we are left with no choice—the choice of the JCPOA or an unconstrained Iranian regime.

This is a false choice. It remains that the JCPOA was fatally flawed in 2015 and it is fatally flawed today. The JCPOA fails to adequately contain the Iranian regime and safeguard American national security interests.

We are all familiar what the deal sunsets. The conventional weapons embargo has already expired. The deal's ban on ballistic missiles expires next year. The entire deal remains bound by a termination date in 2025 where the U.N. Security Council ends consideration of Iranian nuclear matters and the resolution snapback mechanism ceases.

Iran's nuclear program is only one aspect of its malign behavior, though, as the chairman so adequately pointed out. Over the past four decades, the Iranian regime has murdered its own citizens, murdered Americans, made hostage taking a central tenet in its foreign policy, exported terrorism on a global scale, and represents the principal threat to stability in the Middle East.

Despite promises of “longer and stronger,” which were all made in this room and made individually to each of us at the beginning of this Administration, it is clear that that was a bumper sticker only, which I believed and said at the time.

The current approach does not address Iran's regional terrorism, ballistic missile activity, ongoing Iranian threats to former U.S. officials, or returning American hostages to their loved ones.

In fact, sanctions relief fuel Iran's terror proxies just as the 2015 JCPOA did. We saw pallets of cash delivered to the Iranians at the conclusion of the negotiations of that in 2015.

Where do you think that money went? We know it did not go to help the Iranian people for domestic programs or anything else. It was converted, at least partially, into missiles that today have been transported to Lebanon, to Syria, and are aimed at Israel and other places. That is where that cash wound up.

Worse, the JCPOA provides a potential sanctions lifeline to Russia that will enrich Putin for continued nuclear work in the midst of his assault against Ukraine. Talks remain stalled and it is clear the Iranian regime is negotiating in bad faith as it always does, and while it continues to levy unreasonable demands to reenter the nuclear deal.

Instead of prolonging this period of uncertainty, it is long past time the Administration end negotiations and implement a more holistic Iran policy. We would like to hear about that holistic policy today.

We need to end this never-ending parade of reference to percent enrichment and volume of nuclear material. This is not the measurement of Iran's evil, but only a mere small part of it, and the

Israelis have vowed to handle that end of the problem and they will, and Iran knows it and we know it.

On the economic front, sanctions enforcement is lacking, sadly lacking. We must close sanctions loopholes including Chinese purchases of Iranian oil. Iran, confident in its resistance economy, must feel significantly more economic pressure.

On the diplomatic front, the United States must press for a censure of the Iranian regime at next month's IAEA Board of Governors meeting. For too long Iran has harassed and obstructed legitimate IAEA monitoring efforts without penalty.

In tolerating this, the Administration has greatly damaged the legitimacy and integrity of the Nuclear Nonproliferation Treaty and the IAEA. We must hold Iran to its commitments and make clear our support for the NPT and IAEA.

In addition to action at the IAEA we must bring international pressure to bear. Iran must become a renewed topic of discussion at the U.N. Security Council. For too long Iran policy has been an issue that has divided us from some of our European partners. They have come to realize that the malignancy they are dealing with and are willing to move forward with a new sense of reality.

Finally, regional deterrence and U.S. response to Iran attacks against our troops and diplomats has been, again, sagging. We must increase deterrence in the region, increase joint military exercises with Israel, and ensure our partners have the right tools to defend themselves.

Putin's unprovoked attack and murder of thousands for no reason whatsoever other than the fact that good people living in nearby free democratic countries have bound themselves together to respond and effectively respond to such an attack has, once again, reminded us that evil, real evil, exists in this world and we must always be vigilant and ready to respond when and if it erupts.

Only through a comprehensive multilateral approach can we confront the Iranian challenge.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Risch.

Mr. Malley, again, welcome. We would ask you to summarize your statement in around 5 minutes or so, so we can have a conversation. I know there are many members who will have questions. Your full statement will be included in the record, without objection.

The floor is yours.

**STATEMENT OF ROBERT MALLEY, SPECIAL ENVOY FOR IRAN,
U.S. DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. MALLEY. Mr. Chairman, Ranking Member, members of this committee, thank you for this opportunity to talk about the Biden administration's policy towards Iran.

This is both an urgent and important topic. Like so many of us in this room, I am a parent. For all of us, the horrific mass murder of elementary school children makes it hard to focus on anything else.

Let me begin with some basic facts upon which I am sure we can all agree. The Iranian Government's actions threaten the United

States and our allies, including Israel. Iran continues to support terrorist groups.

It has an appalling human rights record, the brutal response to ongoing protests being only the latest reminder. It unjustly detains foreign and dual nationals for use as political pawns.

While we have been working intensively with allies and partners to deter and counter this dangerous array of Iranian activities, we have not had the luxury of focusing exclusively on them.

Instead, our Administration has spent much of the past year seeking to restore strict limits on Iran's nuclear program, including an unprecedented international monitoring regime.

We have also been repairing vitally important ties with our European allies that are necessary to hold Iran accountable and change its behavior. That is because when President Biden came into office he inherited an immediate crisis—an unbridled Iranian nuclear program that makes every other problem we have had with Iran more dangerous and intractable as well as badly frayed relations with our European allies, who were spending as much time arguing against U.S. policy as they were countering Iran.

This is the unfortunate result of the last Administration's decision to unilaterally end U.S. participation in the JCPOA at a time when Iran was complying with it.

To the extent there is disagreement in this room, it boils down to this. Are we better off reviving the nuclear deal and, in parallel, using all other tools at our disposal, from diplomatic, economic, and otherwise, to address Iran's destabilizing policies? Or are we better off getting rid of the deal and banking on a policy of pressure alone to get Iran to accept more onerous nuclear constraints and curb its aggressive policies?

We do not need to rely on thought experiments to answer this question anymore for we have gone through several years of a real life experiment in the very policy approach critics of the JCPOA advocated.

Many of us strongly disagreed with this policy at the time. Of course, we could not prove that it would fail. Then, we predicted. Now, we know.

The simple fact is this. As a means of constraining Iran's nuclear program, the JCPOA was working. Leaving it has not. Under the JCPOA, Iran operated a tightly constrained and monitored nuclear program. It would have taken Iran about a year to make enough fissile material for a bomb, which would have given us and our allies the ability to know what Iran was doing and the time to act should Iran make that fateful decision.

Without those constraints, Iran has been accumulating sufficient enriched uranium and made sufficient technological advances to leave the breakout time as short as a matter of weeks, which means Iran could potentially produce enough fuel for a bomb before we can know it, let alone stop it.

Worse, rather than compelling Iran to make concessions, the prior Administration's so-called maximum pressure campaign resulted in Iran's maximum nonnuclear provocations. These included increasingly brazen attacks by Iran and the armed groups it supports against our Gulf partners and our own forces, leading to a

400 percent increase in attacks by Iran-backed militia between 2019 and 2020.

In this context, it is hardly surprising that a preponderance of former Israeli security officials, including two more just today, has stated unequivocally that the U.S. decision to leave the deal was among the most damaging to Israel's safety.

These are hardened security professionals from across the political spectrum, all of whom were doing whatever necessary to defend their country. That is why we will seek a return to the JCPOA as long as we assess that its nonproliferation benefits are worth the sanctions lifting we would provide, and we will submit this deal for congressional review pursuant to INARA were we to reach it.

Of course, as I speak to you we do not have a deal and prospects for reaching one are tenuous at best. If Iran maintains demands that go beyond the scope of the JCPOA, we will continue to reject them and there will be no deal.

It is not our preference, but we are fully prepared to live with and confront that reality if that is Iran's choice. We have no illusion. Nuclear deal or no nuclear deal, this Iranian Government will remain a threat.

As we have throughout the negotiations, we will continue to strongly push back. Today, as part of that ongoing effort, the Treasury Department is announcing new sanctions targeting an international smuggling and money laundering network that has facilitated the sale of hundreds of millions of dollars worth of oil for the IRGC-Quds Force.

So here is our strategy: fully reviving the JCPOA if Iran is willing to do so, building on that deal without the specter of a looming nuclear crisis to seek a broader follow-on diplomatic outcome, and throughout, regardless, deterring, countering, and responding to the full array of Iranian threats in close coordination with Europe and, crucially, with Israel and our regional partners while credibly demonstrating that we will never permit Iran to acquire a nuclear weapon.

Thank you. I look forward to your questions.

[The prepared statement of Mr. Malley follows:]

Prepared Statement of Mr. Robert Malley

Mr. Chairman, Ranking Member, Members of the Committee, thank you for this opportunity to talk about the Biden administration's strategy toward Iran.

Let me begin with some basic facts upon which I am sure we agree, and which are the predicate for everything we are doing. The Iranian Government's actions threaten the United States and our allies, including Israel. It has a long history of regional aggression. It continues to support terrorist groups. It directs attacks against our forces in the Middle East and against our partners. It has an appalling human rights record. It detains foreign and dual nationals for use as political pawns. It must never be allowed to acquire a nuclear weapon, because of the direct threat that would pose to us and to our allies, and because it would make it harder for us to confront all of its other menacing actions.

The Biden-Harris administration has spent much of the past year seeking to restore strict limits on Iran's nuclear program, including by reestablishing an unprecedented international monitoring regime. We have also been repairing vitally important ties with our European allies that are necessary to hold Iran accountable and to change its behavior.

This is the unfortunate result of the last Administration's decision to unilaterally end U.S. participation in the JCPOA. Absent that decision, our full focus—and our leverage—could have been applied entirely to working with allies and partners to deter and counter Iran's array of dangerous non-nuclear activities—its threats to

our citizens, allies, and partners, the violence it prompts and supports in its region, and of course the abuses it inflicts on its own people. The protests we are seeing now in Iran are a measure of the Government's corruption and mismanagement, and the brutal response to those protests are a reminder of the Government's moral bankruptcy.

Alas, while we remain intensely focused on those issues, in partnership with Congress, we do not have the luxury of addressing them exclusively, because, when President Biden came into office, he inherited an immediate crisis: an unbridled Iranian nuclear program that presents a real and serious threat in one of the most sensitive regions of the globe and thus required our immediate attention. Every other problem we have with Iran will be made worse, more dangerous, and more intractable, if we fail in this effort, and it is the greatest potential threat to the United States and our allies, which is why it must now be our most urgent priority.

This crisis, this urgent distraction from the other threats posed by Iran, was not inevitable. I know that the JCPOA is a deeply controversial issue among members of this Committee, and I respect the strongly held competing views. But the simple fact is this: as a means of constraining Iran's nuclear program, the JCPOA was working. As the previous Administration acknowledged when it left the deal, Iran was complying with its commitments. It was not enriching uranium over 3.67 percent, not accumulating a stockpile of enriched uranium over 300 kilograms, spinning only 5,060 of its first-generation centrifuges and a very limited number of research and development centrifuges, and of course it was allowing the most comprehensive and intrusive international inspection regime anywhere in the world. More than that, with Iran's nuclear program effectively contained, we were in a position to work with allies and partners to shape a powerful international response to the other threats posed by Iran.

To the extent that there is a disagreement in this room, it boils down to this: are we better off reviving the nuclear deal and, in parallel, using all other tools at our disposal—diplomatic, economic, and otherwise—to address Iran's destabilizing policies? Or are we better off getting rid of the deal and banking on a policy of pressure alone to get Iran to accept more onerous nuclear constraints and curb its aggressive policies?

When the deal was initially concluded and debated by the Congress, and again when the previous Administration left the deal, this question prompted heated arguments based on hypotheticals and counterfactuals. But we do not need to rely on theory or thought experiments to answer it now.

For we have gone through several years of a real-life experiment in the very policy approach critics of the JCPOA advocated: a so-called maximum pressure policy, designed to strangle revenue for the Iranian regime, in hopes of getting Iran to accept far greater nuclear restrictions and engage in far less aggressive behavior. Many of us strongly disagreed with this policy at the time, but we could of course not prove that it would fail. That was then. This is now. Then we predicted. Now we know.

Under the JCPOA, Iran operated a tightly constrained and carefully monitored nuclear program; it would have taken Iran about a year to make enough fissile material for a single nuclear explosive device—what we call breakout time—which in turn would have given us and our allies time to take action should Iran have made that fateful decision. Without those constraints, Iran has been able to advance its program by accumulating sufficient quantities of enriched uranium and making technological gains that have left the breakout time as short as roughly a few weeks, limiting the window to warn of and react to an Iranian breakout. And because Iran suspended JCPOA monitoring measures that go above and beyond standard safeguards, international inspectors at the International Atomic Energy Agency have less information and access, including that which is provided for by the IAEA Additional Protocol as a means to detect and deter any new Iranian attempt to pursue covert nuclear activities.

Rather than compelling them to make concessions, the prior Administration's so-called maximum pressure campaign resulted in Iran's maximum non-nuclear provocations. These included increasing—and increasingly dramatic—attacks by Iran and the armed groups it supports on our partners in the Gulf, as well as on our own forces. As Secretary Blinken has pointed out, attacks by Iran-backed militia in Iraq increased by 400 percent between 2019 and 2020—the years when maximum U.S. pressure was supposed to result in maximum Iranian restraint.

"Maximum pressure" did not produce longer and stronger, but rather shorter and weaker—so short, indeed, that, in the absence of the JCPOA, many of the nuclear steps the deal's critics worried Iran might take in the future are being taken by Iran right now; so weak in fact that Iran's nuclear program today is operating essentially without any constraints at all on its size and technological advancement. At the

time of our exit, then U.S. officials predicted that Iran would not restart its nuclear program and that Iran would come to negotiate on our other concerns. I wish they'd been right. Regrettably, they were proven wrong on all counts. The alternative theory JCPOA critics advanced was given a chance. It failed, and emphatically so.

That is why we have sought, without any illusions, a return to full implementation of the JCPOA. We will do so as long as we assess that the non-proliferation benefits of a return to the deal are worth the sanctions lifting we would need to provide. Right now, we are confident that is true, but we and the intelligence community continuously review the technical analysis underpinning our view.

To do this, and just as we did previously, we would of course need to lift those sanctions that were imposed in response to Iran's nuclear threat to achieve a deal. That was the purpose of those sanctions in the first place—to use them as leverage to address Iran's nuclear threat. The bottom line is that we are convinced, as are all our European partners, that we can both provide limited sanctions relief in exchange for Iran taking important steps to roll back and constrain its nuclear program, and still use the vast reservoir of remaining sanctions and other tools at our disposal to pressure and target its other dangerous activities.

It is hardly surprising, but striking nonetheless that a preponderance of former Israeli officials who have served in their country's national security establishment have stated unequivocally that the U.S. decision to leave the deal was one of the recent decisions most damaging to Israel's security. These are hardened security professionals from across the political spectrum—like former Prime Minister Ehud Barak or former Defense Minister Moshe Ya'alon—all of whom would do whatever necessary to defend their country, none of whom can be described as overly focused on diplomacy. But they know what we should also know: The withdrawal from the deal has left them and us in a far worse position.

As I speak to you today, we do not have a deal with Iran and prospects for reaching one are, at best, tenuous. If Iran maintains demands that go beyond the scope of the JCPOA, we will continue to reject them, and there will be no deal. We are fully prepared to live with and confront that reality if that is Iran's choice, ready to continue to enforce and further tighten our sanctions, albeit this time around with Europe firmly by our side, and to respond strongly to any Iranian escalation, working in concert with Israel and our regional partners. We will have demonstrated our firm commitment to resolving even the most difficult problems through diplomacy, and Iran's Government will need to explain to its people why it has chosen isolation and even greater economic hardship when a realistic deal was readily at hand.

We harbor no illusion. Nuclear deal or no nuclear deal, this Iranian Government will remain a threat. Nuclear deal or no nuclear deal, it will continue to sponsor terrorism, threaten Israel, sow instability across the region, fund, train and equip an array of violent non-state actors, and oppress its people.

But the bottom line is that every single one of the problems we face with Iran would be vastly magnified, and our freedom of action to address them significantly reduced, if Iran's leaders acquired a nuclear weapon or if it remains as it is now, close to being able to obtaining the material for one. Conversely, we will be in a much stronger position to confront them if we restore the constraints on Iran's nuclear program that today are on the verge of disappearing.

I would like to conclude with some thoughts about what we have learned from the experience of the previous two administrations and how we should integrate those lessons. From the Obama administration, we know that, while the JCPOA successfully addressed our nuclear concerns, we could and should have more deeply consulted and coordinated with our regional allies and partners, who stand at the front lines, whose interests are directly at stake, and with whose full support we are much stronger in confronting Iran's threats. We also learned that if we want a stable and sustainable deal, we are much better off with one that enjoys as much bipartisan support as possible. From the Trump administration, we learned that the U.S. has an immensely powerful tool in the reimposition of its sanctions. That option remains available to us today. And it will remain available if we return the deal and Iran does not meet its obligations. But we also learned that acting alone ensures that we—not Iran—end up isolated. And we learned that a policy centered on pressure alone, unmoored from a realistic policy objective, produces not maximum results, but maximum escalation and maximum danger.

It is armed with the knowledge of these twin experiences that the Biden-Harris administration has devised its own strategy: committed to working with our European allies to fully revive the JCPOA if Iran is willing to do so; building on that deal to seek a broader, follow-on diplomatic outcome that enjoys strong congressional backing; and, throughout, coordinating closely with Europe and, crucially, with Israel and our regional partners, against the backdrop of the Abraham Ac-

cords, to deter, counter and respond to the full array of Iranian threats and to credibly demonstrate that we will never permit Iran to acquire a nuclear weapon.

Thank you. I ask that my full testimony be entered into the record, and I look forward to your questions.

The CHAIRMAN. Thank you, Mr. Malley.

We will start a series of 5-minute question rounds.

First of all, I am glad to hear your statement that if there is to be any deal that it will be subject to INARA. I appreciate the Administration's commitment to that. Also glad that the hearing has unveiled that the Treasury Department is now in a significant sanctions mode on what you just described. I had not heard that before, and so I am glad to hear that.

Also glad to see that there has now been public confirmation that the President has made a determination not to revoke the IRGC foreign terrorist organization designation, despite Iranian demands. I salute the President and the Administration for keeping on that designation. So, those are all positive things.

As I listened to your testimony, I heard a lot of it focus on the Trump administration's decision, which I join with you, I think was a mistake. I did not support the JCPOA.

I did not think it was strong enough or dealt with the issues that it needed to deal with, and I also did not support the Trump administration's decision to leave it unilaterally without allies, without a plan, without a strategy, and we have seen the results of that.

Having said that, you have had a long time since then in these negotiations, and Iran has not shown itself—at this point, you do not have a deal, and what we do have is Iran evading sanctions through China and others. The Administration has not pursued sanctions on China and others in that regard.

What we do have is violations separately from the JCPOA with the IAEA's—Iran's commitment to the IAEA, which still go unanswered, and what we do have is that Iran's breakout time right now is short enough that if Iran chooses to do it, it could be missed totally by those who monitor it.

So, lamenting the past, while I recognize that, is not a strategy to move towards the future, and the future is now.

So question one, will we move to censure Iran at the June 7 IAEA meeting for violating its obligations to the IAEA about sites that have not had the access and information that the Iranians have not, ultimately, provided pursuant to an independent obligation to the IAEA?

Mr. MALLEY. Mr. Chairman, thank you.

We are consulting as we speak with the European allies and with Israel and others to decide exactly what we will do at the Board of Governors meeting in June to make sure that Iran is held to account.

The CHAIRMAN. I appreciate consultations. Those are always good. What is our position in those consultations? Are we saying we believe that Iran should be censured at the IAEA for not meeting its obligations?

Mr. MALLEY. We certainly believe that Iran needs to be pushed to meet its obligations. What we want to do is move in concert with Israel, with our European partners. So I do not want to be ahead

of that. I think you could be certain that we will take action that is necessary to hold Iran to——

The CHAIRMAN. I assume that we are leading in some of these discussions. We are having consultations. I have never known an Administration to make consultations and not have a point of view during the course of those consultations.

Here is an example. If we cannot have Iran meet its obligations to the IAEA independently, which is the watchdog agency of the United Nations on these questions, then how are we to have faith and confidence on anything else?

Let me ask you this. Why is it that we are still keeping the door open, even though the Secretary of State said that if it ended February, it was not much benefit anymore? Even though the threshold is so close, what is your plan B? Because I get no sense of what that plan is.

Is it to get our European allies, who we have worked very hard—I give the Administration credit for that—to, ultimately, now join in a multilateral sanctions regime against Iran for its violations?

Is it to sanction countries like China that are permitting millions of dollars to flow to Iran in violation of sanctions and others as well? Is it to show our military capability, so that Iran has to think twice about making any such dash over the end not only on enrichment, but on the detonation, which is still a question?

Is it to try to constrain Iran's ballistic missiles, which right now have overmatch in the region, not because I say so, but because our former CENTCOM commander says it?

I mean, what is the plan?

Mr. MALLEY. Mr. Chairman, what I would say is that we are not waiting for—to see what happens with the negotiations to take action on all of the issues that you raised.

The sanctions enforcement, which have not begun today, they began from the first day President Biden took office. We have imposed over 150 sanctions designations since that time, addressing ballistic missiles, human rights violations, support for terrorism, and the like.

We are also working day in and day out with Israel, in particular, but also with our European allies on a strategy to counter, deter, and respond to any Iranian action, whether it has to do with attacks against our partners, its UAV program, its ballistic missile program.

To come back to your question about the IAEA, we also working with them to make sure that Iran is held to account for what it has done in the past. All of these problems would be much worse and much more difficult and much more intractable if Iran were a threshold state on the verge of acquiring a nuclear bomb.

That is why, together with our European allies, who want us to continue in this vein, we are doing what we can to resolve this issue diplomatically, even as we are not leaving any stone unturned to counter the threat.

The CHAIRMAN. All right. At some point, maybe the Administration will share with this committee, preferably in open session, but if it must, in classified session—what is that plan.

You say we are consulting and working with our allies, but to do what? To achieve what goals? To have what sanctions enforcement?

To deal with what element of the Iranian nuclear program and its missile program, for example?

I do not have any sense of what that is, and I do not have any sense of what that is. If I do not have any sense of what it is then I do not know how we are supposed to decide whether this is a path forward to achieving the goals that I believe we collectively want.

Senator Risch.

Senator RISCH. Thank you, Mr. Chairman. I share the chairman's goals and the frustration of not knowing where the Administration is on this.

You just made the statement that you have imposed 150 sanctions. To what end? I mean, every day things seem to get better for Iran even though you keep putting these sanctions on. I heard what you just said about sanctioning the IRGC for oil sales, but my goodness, sanctioning the IRGC to what end?

I mean, they have been sanctioned I do not know how many times. What I want to hear, just as the chairman referred to, is I want to hear about sanctions that will stop the oil sales to China.

That is a huge problem here and it is ongoing and it is resulting, as the chairman described, in a very significant cash flow into Iran, which they smilingly take, particularly with the price of oil today.

Sanctions on the IRGC, I am underwhelmed and I think everybody else is. I suspect the IRGC is. They probably shrug and laugh and continue to cash the checks that come from China.

What can you tell us about what the Administration is going to do about sanctions? They are toothless.

Mr. MALLEY. Ranking Member, let me say that I do not disagree. We have to do—we all have to do a better job, and this is a bipartisan issue. It is an issue that goes back decades about dealing with Iran's activities.

You also make a very important point that sanctions are not the silver bullet. It was during the period of maximum pressure. President Trump imposed somewhat in the order of 1,600 new sanctions designations, and it was during that period of maximum pressure, as I said, that we saw maximum destabilizing activities, unprecedented brazen attacks against oil tankers, against oil fields in Saudi Arabia, against our troops, all of that during the time when, supposedly, we were supposed to crush Iran's economy so that it would improve its behavior.

So we need to do a better job. We need to have a—and we are working—and I would be happy, Mr. Chairman and Ranking Member, to say more in a classified setting about our plans with our allies in the region and in Europe.

The reality is this is a challenge that we have faced for decades. We need to do better, and the best path forward in terms of the nuclear program is to get back into the deal. That does not leave us off the hook for all the other issues, and we are working on them. We have not stopped working on them, and I think the Iranian leadership would beg to differ with a description of their economy doing well.

The rial has lost 85 percent of its value since 2018, 25 percent of that under President Biden's watch, inflation at 40 percent, unemployment rising, protests in the streets. I do not think this is a

strong regime that is basking in being able to circumvent sanctions. It is a regime under duress and that is because of its own mismanagement and our sanctions.

Senator RISCH. Mr. Malley, I think it is a fair point to say that the economy is not good in Iran, but it is adequate. They seem to be getting by and, certainly, they have got the weaknesses that you have described, but they keep putting one foot in front of the other.

Turning to your point about, well, former President Trump got out of the JCPOA and, my gosh, all these terrible things happened. Well, what are you guys doing about it? If that was not the answer, what are you doing about it?

You came in and said, do not worry, we are going to have an agreement that is longer and stronger. That train has left the station a long time ago. It is not longer and it is not stronger and it does not even exist.

In fact, what we are hearing about it is it will be shorter and weaker if, indeed, you do wind up getting into an agreement, which I, for one, certainly, hope that you do not. What is your plan? As the chairman said, I do not know what the policy is. You keep sitting at the table and you keep negotiating. How long is this going to go on?

Mr. MALLEY. Mr. Ranking Member, there was a question the chairman asked as well about how long we will go. Our goal is to—we will—we are prepared to get back into the JCPOA for as long as our assessment is that its nonproliferation benefits are worth the sanctions relief that we would provide.

Again, that does not mean that we sit by and only negotiate. We have not lifted a single sanction that President Trump imposed. We have added to those sanctions.

We have taken steps with our partners to go after their UAV program, their ballistic missile program, to strengthen both Israel and our Gulf allies, partners, in their ability to counter the threat that Iran presents.

So we are doing all of that whether the JCPOA talks continue or not. At this point, it is our assessment—our technical expert assessment—that the nonproliferation benefits of the deal are worth the sanctions relief that we would provide.

Senator RISCH. Let me go back to the question the chairman—the line of question the chairman did and that is, on the first of the year, the Secretary of State told us 3 months and that is it. We are done. We are through. It is no good anymore.

When does this end and why should we believe you in any way, shape, or form when you do not keep the commitments that were made before, the longer and stronger deal that was promised and the cutting it off if you do not get a deal? Why should we believe anything at this point?

Mr. MALLEY. On the issue of longer and stronger, I do want to clarify that.

I think what President Biden said, what Secretary Blinken said, what all members of the Administration said was let us get back into the deal and use that as a platform to get a longer and stronger deal, in large part because it is much safer to negotiate a longer, stronger deal when we know that their nuclear program is in check

rather than have to negotiate with the looming threat of a threshold state before us.

That is not a negotiation that is going to be easy to lead. It is going to be a long-term diplomatic effort, and to do it knowing that any day Iran could break out without us having either the ability to know it or to act against it is putting us in a much weaker position.

So we hope to get back into the JCPOA. If we do not, you will see continued sanctions enforcement, tightened sanctions enforcement. You will see intensified action with our allies and partners. All of that is continuing, again, regardless of whether we get back into the JCPOA.

So being at the table does not tie our hands any more than it is tying Iran's hands. If they feel free to go after us, we will feel free to respond and to take action against them.

Senator RISCH. So when are you going to end? When are you going to walk? When is this going to happen?

Mr. MALLEY. I apologize. It is true that we have said things in the past. What has always been our guiding star is what are the nonproliferation benefits that our experts tell us and the intelligence community tells us.

Again, being at the table does not mean we are waiting. We are not waiting. We are acting and we are acting to promote our interests, to make sure that Iran is—cannot export its instability and its missiles and its UAVs across the region.

Senator RISCH. I yield my time.

The CHAIRMAN. Thank you.

Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman.

Mr. Malley, thank you very much for your service. Thank you for keeping us informed. We appreciate that very much.

The Biden administration has been engaging us on a regular basis on these foreign policy issues, something that was missing during the Trump administration. So we very much appreciate that.

I also am pleased to hear about the designation of the IRGC remaining and not on the table, and that the Administration is imposing additional sanctions on Iran. I am also pleased with the acknowledgement of the INARA review by Congress.

I want to go back when this agreement was entered into in 2015, taking effect in 2016, the point was made that being in an agreement with Iran on nuclear containment would be the platform for us to make additional progress to normalize relations with Iran and deal with their nonnuclear issues.

We did not see any progress after we joined the JCPOA. When President Trump was deciding whether to withdraw from the JCPOA—and I agree with Chairman Menendez, I thought that was a terrible decision with Iran in compliance, the withdrawal—but the European allies met with us here on Capitol Hill. We had their attention.

They were prepared to conduct very visible action with the United States to deal with the non-nuclear to move Iran along. We did not see any progress from Iran and willingness to deal with these other issues.

Now we are talking about rejoining the JCPOA. I have not seen very visible action by our European allies in regards to Iran's non-nuclear activities from their support of terrorism, their ballistic missile violations, or their human rights violations.

It is frustrating that we are told that if we are in this platform we will have a better chance with Iran on these non-nuclear issues. It is very frustrating because we know President Biden has repaired the damage done under the Trump administration with our coalition of European allies.

We see that very clearly with Ukraine. It would seem to me that we have negotiated—the Biden administration has negotiated in good faith. The Iranians are a moving target.

Why are we not seeing greater cooperation with Europe in regards to isolating Iran on its non-nuclear front as well as imposing additional penalties for their violations of the JCPOA commitments and on the nuclear front?

Mr. MALLEY. Senator, thank you for that important question. I think it really goes to the heart of what President Biden has sought to do since coming into office, which is, as you say, to make sure that we act as one with our European allies so that we could confront Iran rather than be in the position, unfortunately, we have been in since 2018 of European countries spending as much time trying to counter U.S. policy as they were trying to counter Iranian actions.

We are now in a position where we are working lockstep with the Europeans and they wanted to see us—they want to see us make a good faith effort coming back into the JCPOA.

They tell us, and I am sure that if you had them here they would tell you, the last thing they want, particularly today when we are dealing with the crisis in Ukraine, is have a nuclear crisis in the Persian Gulf.

They are hoping and they are still pressing to see whether we could reach this deal and we want to show them that we are making every effort consistent with our national security interests to see whether we could resolve this through a reentry into the deal.

I am absolutely confident that, regardless of the outcome, the Europeans will be with us whether that has to do with sanctions enforcement, action at the IAEA Board of Governors, action in terms of strengthening our partners in the Gulf to counter Iran.

This has been critical. It has been critical, as you say, in Ukraine. It is just as critical here. We see in our conversations and the plans that our militaries and other—

Senator CARDIN. I would just make this one point. If we were to rejoin the JCPOA and we do not have specific commitments from our European allies in regards to these other issues, I am very dubious as to whether we will see the follow through by our European allies.

They seem to have been restricted by being in the JCPOA rather than being aggressive in dealing with these issues—these other issues. Unless there is an understanding before the United States were to rejoin the JCPOA, I do not hold out much hope that we will have the unity that you are referring to. I hope I am wrong about that.

I hope that you would understand that we need to see definitive commitments from the Europeans to join us in addressing Iran's non-nuclear violations as well as containing their nuclear proliferation.

Mr. MALLEY. If I may, we have those commitments. We have spoken to the Europeans extensively precisely in the direction, Senator, that you just indicated.

Senator CARDIN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON. Thank you, Mr. Chairman.

Mr. Malley, let us just state the obvious. If Iran gave up its nuclear program and opens itself up to inspections, all the sanctions to be lifted, you would have billions of dollars flowing into their economy and the Iranian people would be far better off, correct?

Mr. MALLEY. Senator, if we get back into the JCPOA we still—

Senator JOHNSON. No. No. Answer the question. If they give up their nuclear program, their economy will do quite well. What does that—what that should tell you is they are putting up with all these sanctions.

They are harming their economy to a great extent because they are dedicated to getting a nuclear weapon, and the JCPOA or any new agreement that you would enter into will not prevent them to get to that point that we cannot do anything about it, correct? It may take a few more years, but they are absolutely dedicated to becoming a nuclear power, correct?

Mr. MALLEY. Senator, President Biden, as I am sure any successor and all presidents before him have made clear, they would never ever allow Iran to acquire a nuclear weapon and we will do what it takes. The preferable —

Senator JOHNSON. Are you going to provide Israel the weaponry and the support for them to take out their program if it gets to that point?

Mr. MALLEY. I am sorry. I could not hear the question.

Senator JOHNSON. Are you going to provide Israel the weaponry they would need to take out that weapon as Iran rushes to become a nuclear power?

Mr. MALLEY. Happy to discuss those details in a classified setting. I can say—

Senator JOHNSON. Okay. Let me ask you how much—

Mr. MALLEY. —the President has taken no option off the table.

Senator JOHNSON. How much money flowed into Iran from—as a result of the original JCPOA? How many billions of dollars?

Mr. MALLEY. I would have to go back to that number, but they did benefit from sanctions relief.

Senator JOHNSON. Give me an estimate. You are negotiating this stuff. You ought to know this, correct?

Mr. MALLEY. We are negotiating where we are today and we know—

Senator JOHNSON. How many—how much cash was transferred in the first JCPOA?

Mr. MALLEY. There has been a lot of misinformation. Cash was not transferred to—

Senator JOHNSON. Okay. What is the truth then? What is the truth? Again, you are negotiating the deal. You ought to know what happened in the past. What happened in the past?

Mr. MALLEY. Senator, I can tell you what we know will happen now. What will happen now is if they can sell their oil at current rates we know that they could get about \$5 billion a month for—

Senator JOHNSON. Okay. Have you read Mark Dubowitz's testimony? He will be providing that in the second panel from the Foundation of Defense of Democracies.

Mr. MALLEY. No, I have not seen it. I am sorry.

Senator JOHNSON. In his testimony, one of his associates, Saeed Ghasseminejad, an expert on the Iranian economy, said that your deal would provide a financial package worth up to \$275 billion in the first year and over the next 5 years Iran could receive as many—as much as \$800 billion in sanctions relief.

By the way, he spells it out based on what assets they have, and this is coming from the Central Bank of Iran, also from the International Monetary Fund. I mean, they are showing the source that he lays out in quite detail. You really ought to look at his testimony. Do you dispute those numbers?

Mr. MALLEY. Senator, those numbers are so wildly exaggerated compared to what our intelligence community and our Administration believe that I—the order of magnitude is just—is off.

Senator JOHNSON. Again, my point being is Iran is absolutely dedicated to becoming a nuclear power. You said nuclear deal or no nuclear deal, this Iranian Government will remain a threat.

Why in the world would you want to enter in an agreement that will not literally prevent them from becoming a nuclear power? It might delay it a little bit, but it will not prevent it.

Why would you enter into an agreement that will pump hundreds of billions of dollars into the economy and the military of the largest state sponsor of terror, who were—again, people on this committee are talking about the JCPOA did not change their behavior other than maybe for the worse. It did not result in agreements on these other areas. Again, Iran's behaviors have become worse.

With my final minute here, let me ask you a question. You said you will present this for congressional review. It was my amendment during the first JCPOA that would have deemed that a treaty and require Senate confirmation, and I would argue were that the case, had we done that, the JCPOA might have been a far better deal, maybe worthy of remaining in, certainly, more difficult to get out of.

Will you commit to not only just congressional review, but submitting any deal that you make with Iran that would have a great—will have grave consequences on world security as well as U.S. security?

Will you submit that to the U.S. Senate for confirmation as a treaty to make sure that this body agrees with you that it is a treaty worth entering into?

Mr. MALLEY. Senator, as I said, we will submit it for review under the—under INARA, which is the requirement and that is what we have committed to.

Senator JOHNSON. That is it? Not a treaty, not that hurdle of getting 67 United States senators agreeing with you that this was an agreement worth getting into with Iran because that would not have happened with the JCPOA and that was a major flaw in that agreement as well.

The CHAIRMAN. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Mr. Malley, thank you for being here today and for your efforts with Iran.

In December of 2021, Secretary of Defense Lloyd Austin said of Iran that "if diplomacy fails, we are prepared to turn to other options."

I recognize that that statement was made before the war in Ukraine and that significant international attention has been diverted, but can you speak to what other options are on the table?

Mr. MALLEY. Senator, thank you.

Of course, there is only so much I could say in this setting, but I want to make this as clear as I could and I think it will respond to some of the other questions we have had.

President Biden is unequivocal Iran will not be allowed to obtain a nuclear weapon. That has been a long-standing bipartisan position by prior administrations and we are confident that future presidents will make the same.

We believe that diplomacy is the best way to achieve this goal and, by the way, so do our Israeli allies. So does the defense minister of Israel, who just reiterated that when we met with him only a week or two ago.

That said, we will do whatever is necessary to prevent Iran from acquiring a nuclear weapon, taking no option off the table. Again, those options we could discuss in a classified setting.

Senator SHAHEEN. Mr. Chairman, I hope we will have the opportunity to discuss those issues in a classified setting.

Can you speak to Hezbollah's fortunes in Lebanon? They did not do as well in the elections as were expected. The leadership in Iraq continues to hold on and make progress in Iraq.

How are those actions and events in other parts of the Middle East affecting the ability to negotiate any kind of an agreement with Iran?

Mr. MALLEY. Thank you, Senator.

Again, an important question which goes to the comprehensive approach we need to have towards Iran because fighting Iran's destabilizing activities does require sanctions. It does require an international coalition to press Iran in international fora.

It requires working hand-in-hand with Israel, with our Gulf partners, with the Europeans, to counter their ballistic missile program, to counter their UAV program, to respond to their attacks.

It also entails diplomacy and strengthening the central government in Iraq and weakening Hezbollah and weakening Iran's ability to take advantage of the chaos in the region, which is why the truce that has been achieved in Yemen is so important.

So even as we go after Hezbollah, even after we go after the transfer of weapons to the Houthis, sustaining and consolidating that truce is a very powerful message to send to Iran that deescalate-

tion, ending conflict, ending the chaos from which it profits is in our interest and in the interests of our allies in the region.

Senator SHAHEEN. Do we see anything happening in Syria that may have an impact on Iran? Do we have—are we discussing what is happening in Syria with any of our allies?

Mr. MALLEY. Senator, my job is to deal with Iran. I am sure there are other of my colleagues—I would rather not step into something where I may err. So I am sure my colleagues at the State Department would be happy to address that.

Senator SHAHEEN. Okay. This, I also recognize, is not part of your portfolio. I was pleased to see the announcement in March regarding the release of two British Iranian hostages to the United Kingdom, but as was mentioned earlier by the chairman we also still have a number of U.S. and European hostages who are being detained.

Is the plight of those hostages being considered at all as part of our negotiations with Iran?

Mr. MALLEY. Thank you for raising that.

I think there is no issue that is keeping us awake more than this one, the four unjustly detained citizens. I think Chairman Menendez mentioned their names—Siamak, Baquer, Emad, and Morad. Some of them, I know, are your constituents and I have spoken to a number of members of this committee about them.

We have negotiated—and first of all, I just have to say it is the most outrageous thing that Iran would use innocence—innocent citizens and dual nationals, American citizens, others—just recently, a pair of French citizens—as pawns to advance other interests.

It is inexcusable and we need to, again, find an international effort, which Secretary Blinken is coordinating, to try to make sure that those who do this are held to account and that it not be repeated.

To answer your question, in parallel and separate from the negotiations to return to the JCPOA, we have been involved in indirect negotiations with Iran to secure the release of our four citizens.

It is not easy. As you could imagine, Iran is making requests that are very difficult to meet and sometimes are impossible to meet.

We are continuing and we will not stop until all four of them are home and reunited with their loved ones.

Senator SHAHEEN. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Young.

Senator YOUNG. Thank you, Chairman. Welcome, Mr. Malley, to the committee.

I read your opening statement. Iran was complying with its commitments under the JCPOA. Under the JCPOA, and I am quoting from your testimony, “Iran operated a tightly constrained and carefully monitored—carefully monitored—nuclear program.”

Iran was neither complying with the compliance terms of the JCPOA nor were they operating a carefully monitored nuclear program. There were just side deals in that program that members of Congress were not made aware of that wrote off, that excluded certain military sites from inspection whatsoever.

Moreover, the very terms of the deal, including those secret side agreements, were not being followed by Iran, which is why this is such an incredibly grave situation.

So just to reframe this, we are not talking about a deal that Iran was completely complying with, and a nuclear deal that is not being complied with is not really a deal that we can live with.

We need a stronger—a longer and stronger deal, as the Secretary of State emphasized before this committee. That was the objective of the Administration.

The Wall Street Journal today wrote—released a piece about—title, “Iran Used Secret U.N. Records to Evade Nuclear Probe.” So we are learning more about the extent of noncompliance by the leaders in Iran.

The Journal says that Iran has been stonewalling IAEA investigations. Iran wants the IAEA—the nuclear inspector—their continuing investigations in the past nuclear weapons work closed before a deal is restored.

Yet, the agency has blessedly pushed back, indicating that they cannot close these inspections because they do not have enough clarity on Iran’s past nuclear work. All this is incredibly troubling.

As Director General Rafael Grossi told the European Parliament just earlier this month, he said Iran, “has not been forthcoming in the kind of information we need from them.”

So, Mr. Malley, were you aware of these efforts by Iran to hide its prior nuclear work from the IAEA?

Mr. MALLEY. Senator, did Iran lie? Of course. Did Iran have a covert nuclear program? Absolutely. That is the reason why prior administrations imposed such crushing sanctions on Iran.

Senator YOUNG. Was Iran in compliance, as you say in your testimony?

Mr. MALLEY. Yes, Iran was in compliance with the JCPOA, and please do not take my word for it. You could ask the IAEA, which certified on numerous occasions very—until the Trump administration——

Senator YOUNG. Let me interject respectfully, sir. Does the JCPOA require Iran to allow IAEA inspectors in to look at certain nuclear sites and did Iran comply with those express terms of the JCPOA?

Mr. MALLEY. Yes and yes. Again, do not take my word for it. Even the former Administration had to certify that Iran was in compliance and it did so repeatedly until it decided to leave the deal.

Senator YOUNG. Evidently, that was not enough then. So the Administration’s position is there were certain terms of the agreement that were not robust enough and that is why the goal was longer and stronger.

Yet, we still—we continue to have noncompliance by the Iranians and they are not allowing more information to be divined about their previous nuclear weapons work.

Are we trying to reenter the old deal or are we pursuing a longer and stronger deal? What is the current state of things?

Mr. MALLEY. Senator, the current state is we are trying to, if we can, reenter the deal and then build on that to get a longer, stronger deal.

The problem we face is that today, as a result of the withdrawal from the deal, we have weaker and shorter, so short, in fact, that all of the steps that people feared that Iran might take at the expiration of some of the sunsets 10 years, 15, 20 years from now, Iran is doing them today and so weak, in fact, that we do not have any binding constraints on Iran.

Again, listen to some of what we have to—listen to what have a preponderance of Israeli former security officials are saying, including two, just coincidentally, today, and one of them, the former IDF head of intelligence until 6 months ago, General Tamir Hayman, said today the situation that would have happened in 2030 under the nuclear deal would not have been as bad as the current situation because Iran is unconstrained, and that is what we need to address.

Senator YOUNG. I am praying that we are successful in persuading the Iranians to adopt a longer and stronger approach in which they are actually compliant with the terms of that and allow very robust inspection safeguards.

I do not think we have those inspection mechanisms in place with the JCPOA, which is why we need to still focus on longer and stronger. I think we are going to go in circles with respect to that.

I see my time has expired. So I will—I will thank you, again, for being here, sir.

The CHAIRMAN. Senator Murphy.

Senator MURPHY. Thank you very much, Mr. Chairman.

I always like to begin where we agree, and we agree—Republicans and Democrats on this committee—that Iran should not have a nuclear weapon and we should have a policy that makes that prospect the least likely.

So you have got three ways to do that. You have economic pressure, you have a military option, and then you have diplomacy. All of them are imperfect. We are just in the business of trying to choose of those imperfect options which is the least imperfect.

Let us take the first two to understand how they have worked or how they would work. First is economic pressure. So the Trump administration tried this. They pulled out of the deal.

They, as you have articulated, applied hundreds of new unilateral sanctions, and I just want to ask you a series of simple questions to understand what the reality was after those sanctions were applied and, hopefully, these are one-word answers.

After President Trump withdrew from the Iran deal and imposed maximum sanctions, did the pace of Iranian attacks on U.S. personnel in Iraq get better or worse?

Mr. MALLEY. Much worse.

Senator MURPHY. Did Iran's support for regional proxies like the Houthis—did it get better or worse?

Mr. MALLEY. It continued. In some cases, it got worse.

Senator MURPHY. Did the frequency of those proxies' attacks on our Gulf allies get better or worse?

Mr. MALLEY. Worse.

Senator MURPHY. Did the pace of Iranians' nuclear research program get better or worse, from our perspective?

Mr. MALLEY. Much worse.

Senator MURPHY. We tried the approach of just continuing sanctions and ratcheting them up, and by every measure Iran's behavior relative to U.S. national security interests got worse.

Okay. Let us talk a little bit more about the third option, the other alternative to diplomacy, and that is military action.

I have heard what you have said here today, Mr. Malley. You have said that the President leaves all options on the table. What I understand is that there are severe limitations to a military option, in part because it is difficult to bomb knowledge out of existence, and the risk to spillover into a regional war is significant.

So I understand there are things you can say in an unclassified setting versus a classified setting. I want to make sure you do not leave the impression with the committee that there is a clean military option on the table to remove Iran from a nuclear weapons future.

Can you just talk about your assessment of a military option if that is all that is left?

Mr. MALLEY. Thank you, Senator, for allowing me to clarify that point.

I did say all options are on the table. I also said, and this is President Biden's firm belief and I think it is a belief shared by everyone who has looked into this, that by far the best option is a diplomatic one.

A military option cannot resolve this issue. It could set it back, and we are happy to talk about it more in a classified setting, but there is no military response and we have heard this repeatedly, including from Minister Gantz, Israel's defense minister.

So absolutely correct. It is a—I do not even want to get into the other aspects of our experience with war in the Middle East. So we know what it costs. We know what it has meant to us and to our men and women in uniform, but let us leave it at this. The only real solution here is a diplomatic one.

Senator MURPHY. There are certain things we can talk about here and certain things we cannot, but there are significant limitations to the military option and there is the significant risk to enormous spillover that could get the United States drawn into another conflict in the Middle East that would last a generation.

Finally, Mr. Malley, if there is no diplomatic agreement and Iran remains weeks away from having enough fissile material for a nuclear weapon, what happens with respect to the decisions that our allies make in the region?

At some point, the Gulf, Turkey, starts to recognize that Iran is so close to a nuclear weapon that they have to start making their own plans as well. The true nightmare here is a nuclear-armed Middle East and that becomes a much more realistic proposition if diplomacy does not work. Is that correct?

Mr. MALLEY. Correct.

The CHAIRMAN. Thank you.

Senator Paul.

Senator PAUL. I think a lot of the debate begins from a fundamental misconception of what sanctions can do and cannot do.

There seems to be an acknowledgment now that the maximum pressure campaign sanctions did not change Iran's behavior. I would go probably one step further and say that it is difficult to

delineate what of Iran's behaviors have changed with any sanctions over a long period of time.

You can argue that they came to the table when there were universal sanctions with Europe and others, that that brought them to the table, but really, also what brought them to the table was the carrot. The sanctions are a stick, but there was a carrot, and the carrot is the negotiation of releasing the sanctions.

Some still have this misconception that we could forbid them through sanctions from selling their oil to China or Russia. You could have a military embargo. You could have ships all up and down their coast and they would still sell their oil and gas across pipelines and across land to both Russia and China.

Even a military embargo would not prevent them from this and sanctions are not going to prevent them from this. We need to quit looking at sanctions as the way to change behavior because sanctions, frankly, do not change behavior.

Sanctions are useful as a threat. If you are going to threaten somebody and say, if you do this we will do this, they might be a threat to deter behavior, or if they are already doing something you do not want, you would ask them to quit doing that in exchange for removing the sanctions, but that means negotiations.

There are some members of the Senate who say they absolutely know in their mind that Iran is going to get a nuclear weapon so they are, essentially, saying there are no negotiations and that sanctions are just for punishment.

I think sanctions as punishment do have some effect. They punish, but they do not change the behavior. The punishment has been extraordinary—the maximum pressure sanctions—and no behavior has changed.

I guess my question to you is do you think sanctions do change behavior? Do you see evidence that they have changed Iran's behavior—not maximum pressure, but sanctions in general?

Mr. MALLEY. Senator, thank you for that important question. I think we have seen the effective use of sanctions that led to the nuclear deal. There were sanctions—nuclear-related sanctions—that were imposed in order to change Iran's nuclear behavior. We lifted those sanctions in exchange for the constraints and the inspection regime that Iran agreed to.

Senator PAUL. The change in behavior was when we came to an agreement and to release some of the sanctions and to have—

Mr. MALLEY. Absolutely.

Senator PAUL. —some relief in their trade account.

Mr. MALLEY. Absolutely. The problem that we have seen is that the sanctions during the maximum pressure campaign—the sanctions were unmoored from any realistic diplomatic objective and, therefore, they failed.

Senator PAUL. I guess my specific question is it seems to be the main sticking block is the IRGC being designated as a foreign terrorist organization. Is that—would you characterize that as the main sticking point right now?

Mr. MALLEY. Well, I think that sticking point has, in some ways, been resolved in the sense that we have made clear to Iran that if they wanted any concession on something that was unrelated to the JCPOA, like the FTO designation, we needed to something re-

ciprocal from them that would address our concerns so that they would—

Senator PAUL. Okay. It is—you would say it is one of the main if not the main sticking point?

Mr. MALLEY. Well, I think as—I think Iran has made the decision that it is not prepared to take the reciprocal steps. They have to decide now are they prepared to reach a deal without extraneous demands.

Senator PAUL. I guess that gets to my next question. You have made—there have been offers on our side to say, if you do this we might be able to do this. Are those publicly—are we publicly aware of what we have asked Iran to do that would be sufficient for removing the label?

Mr. MALLEY. No, we have not negotiated in public. We can have this discussion in a classified setting. Again, Iran has rejected any reasonable proposal at this point, as you have heard.

Senator PAUL. I think it is important that if we do want negotiations and the only way we are going to get any behavioral change is through negotiations by actually lessening sanctions is the only way you get it, unless you are adamant that they will not change behavior, if you want them to change behavior we have to lessen.

So even things such as labeling them as a foreign terrorist organization have to be negotiated. If we refuse to negotiate they will, I think, ultimately, get a nuclear weapon. If we want that to happen I think we have to be open to it.

As far as advice on that front, I think it should be very specific, something they can actually demonstrate and do, whether that means something to do with funding of Hezbollah or activities of Hezbollah or activities of their proxies in other nations.

I do not know if that has to necessarily be a secret. I think that could be a public debate over this and I think there is so much fear of removing the label of what—you will have political fallout from that from both sides, frankly, that I do not know that—I think that is probably more difficult to overcome is the political outbreak here at home than anything else.

I think people should realize that even if we got rid of the foreign terrorist organization label, the IRGC has been under—as someone mentioned previously, they have been under sanctions at least since 2007 for funding Hezbollah in Lebanon. So there still would be sanctions.

We have to at least think this through that the only way you get anywhere is you have to give something they want and they give something we want. That is what negotiations or diplomacy is. Sanctions, otherwise, are of absolutely no value and so, really, it gets back to the general question.

Most of it is mischaracterizing what sanctions can do. Sanctions can punish and they are punishing, but they are not necessarily bringing them to the table. Getting rid of the sanctions might or using sanctions as a threat.

I think the way that we have approached it as if, oh, we are going to stop them from selling oil through more severe sanctions, I think that misses the boat of actually what sanctions could be used for in a negotiation.

From at least one senator, I would say, that there has to be some behavioral change that they could do and it cannot be an ask that is impossible. There has to be some ask. I see no reason why that ask cannot be a public ask. That is my advice.

Thank you.

Mr. MALLEY. Thank you.

The CHAIRMAN. Thank you.

Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman. Thank you, Mr. Malley.

I want to encourage you to just keep the dialogue going and the Administration come up with the very best deal that you can. There are some on this committee who are, basically, telling you stop dialogue right now.

Do not accept that advice. Do your best, and then if you find a product that you think is better than what is going on right now, bring it to Congress and let Congress own it. Let Congress own whether the U.S. is a diplomatic nation or whether we reject diplomacy. Let us own it. You do your job and let us own whether the U.S. is pro-diplomacy or not.

The problem with the U.S. and Iran is a complete lack of trust on both sides. Iran is a danger to the United States and everything that has been said by folks prior to me about Iranian dangerous activity is real.

In the Iranian perspective, the U.S. is dangerous and untrustworthy. The U.S. helped depose an Iranian prime minister in 1954. The U.S. helped install the Shah of Iran, who ruled in a dictatorial fashion over Iranians for 25 years.

When the Shah was overthrown, the U.S., against the State Department's advice, gave him sanctuary in the United States. That then led to the takeover of the U.S. embassy. Because of that horrible treatment of Americans with the embassy takeover, the U.S. decided to support Iraq in the Iraq-Iran war, giving military assets to Iraq that were used against the Iranian people.

The U.S. gave intel to the Iraqis that allowed them to use chemical weapons against the Iranian people. In the middle of the Iraq-Iran war, the USS Vincennes shot down an Iranian airliner, killing 290 civilians when that commercial airliner was in Iranian airspace.

So all of the atrocities that Iran is committing in the region and the danger that is posed to the United States, those are all very, very real. Often here we would like to just talk about half the story and assume that we are just completely with clean hands in this situation and why would Iran have any mistrust of the United States.

The deal that you guys got—the JCPOA in 2015—was dramatically better than the status quo ante. Dramatically better. I remember going to Israel in the months before the deal was struck and having off the record discussions with the leader of the Mossad and he said, you should do this—Tamir Pardo. You should do this. It is dramatically better than the status quo ante, even if it is not perfect.

It was better because it constrained their nuclear program. It was better because it got the U.S. to not only be in partnership

with traditional allies, but we were even in a negotiation and a partnership with China and Russia to try to constrain the nuclear program, and it opened up an opportunity after 65 years of hostility between the U.S. and Iran to at least be at the table and to see if we could work something out and do the only thing that ever brings trust back is win it back little and by little and by little. Only 2 years into the deal, the U.S. blew it up when the IAEA said Iran was complying and we shifted the focus away from Iranian activity to U.S. good faith.

We destroyed the trust building opportunity that, if it had gone forward, it would have taken a long time to build the trust back. Now that the U.S. has walked out of the deal that Iran was complying with, why would they do a deal?

As soon as the U.S. walked out of that deal, essentially, all the real negotiations with North Korea over a deal stopped because why would North Korea do a nuclear deal with the United States if the U.S. blew up a deal that was working with Iran?

So, yes, there is a siren song up here that says stop talking, oh, and we will—and if Iran gets nuclear weapons, we will let Israel worry about it. I would urge you do not listen to that siren. Do not listen to that siren. Keep talking.

If there is a deal that you think is better than what is happening right now, and I think you have a pretty clear-eyed assessment of the plusses and minuses, I urge the Administration to enter into it. Submit it to Congress under INARA. Let Congress own the decision of whether or not the U.S. wants to be a pro-diplomacy nation or not.

I yield back.

Senator COONS [presiding]. Thank you, Senator Kaine.

Are there any Republicans present and waiting to be recognized to question?

[No response.]

Senator COONS. In the absence of that, I will proceed to question Mr. Malley. Thank you for appearing before the committee today.

While the conflict in Ukraine has appropriately held a lot of our attention in recent weeks, we have to also remain focused on the ways in which Iran's nuclear program, its aggression in the region, its undermining of global norms, and its support for proxies continues to challenge and destabilize the region and our interests.

I remain concerned about the prospects of returning to the JCPOA, given Iran's nuclear program advancement and their defiance of international norms. Eager to hear from you about what you think might be the strategy in the region and to confront Iran's other behaviors as well.

Virtually every conversation I had this past weekend in Europe was about Russia—Russia's aggression in Ukraine, Russia's continued violation of global norms through the atrocities being committed by its troops.

Russia played a central role in the JCPOA as the steward of enriched material that was exported from Iran to Russia—their low-enriched uranium stockpile.

What concerns might you have about Russia's involvement in negotiating and implementing a return to the JCPOA?

What safeguards are there in place to ensure that our sanctions against Russia, and strong and united sanctions by the West against Russia for their aggression in Ukraine, do not interfere with the implementation of a renewed JCPOA? How does that play out?

Mr. MALLEY. Thank you, Senator.

First, I want to make a point in response to what Senator Kaine said. We are seeking a return to the JCPOA, but I want to make it clear, as I sit today, the odds of a successful negotiation are lower than the odds of failure and that is because of the excessive Iranian demands and which—to which we will not succumb.

To your question, Senator, I think there has been a lot written about Russia's role which has been pure fantasy. Russia has not played a central role in these negotiations.

I think our European allies would take offense at hearing that. They have been in the driver's seat. They are the ones who have been negotiating. They are the ones who care about Iran's nuclear program, as we do.

So Russia has played a role because it is part of the P5 of the permanent members of the Security Council, and as you mentioned, back in 2016 they played a role in taking in the excess enriched uranium from Iran.

We will have to see what happens this time around, but that was the role they played. They supported the deal then, and we would expect all of—if we reach a deal that all of the P5 + 1 would respect and implement.

Senator COONS. Are any provisions being explored for an alternative partner in the negotiations serving as the steward for enriched material from Iran?

Mr. MALLEY. Yes.

Senator COONS. If I could just move on to—what else is the Administration planning to do to undermine Iran's destabilizing efforts in the region, its brutal human rights record, its support for proxies?

Talk through, if you could, with us some of the details about what the Administration is doing to constrain or push back on those activities at the same time you are negotiating with our European partners on the nuclear program.

Mr. MALLEY. Thank you. So as we mentioned earlier, we are still enforcing our sanctions and will continue to enforce sanctions that are targeting Iran's destabilizing behavior.

More than that, we are working with Israel, with our Gulf partners, and with the Europeans to harden our defenses, to conduct dynamic force deployments in the region including long-range bomber over flights, maritime security efforts to interdict, to take away Iran's ability to ship its UAVs, its ballistic missiles, its equipment, to militia and nonstate actors, disrupting financial flows, as we did today with the sanction we announced and, if necessary, conduct defensive strikes to deter Iran and its partners and proxies from attacking us, and we are doing that in consultation, I think, cooperation that has never been better with Israel on all aspects of our policy—and, again, things that we could talk about in a classified setting—so that regardless of the disagreement we may have about the JCPOA, that pales in comparison to our joint efforts to

push back against Iran's destabilizing activities, whether it is support for proxies, whether it is ballistic missile program, or UAVs.

Senator COONS. So the four Iranian Americans who are either detained or barred from leaving Iran—Siamak Namazi, Baquer Namazi, Morad Tahbaz, and Emad Sharghi—is there any prospect in these negotiations of a prisoner exchange and what would the Administration's approach be to securing their return if there is no nuclear deal?

Mr. MALLEY. Thank you. As I said earlier, this issue is more important than anything else, in many respects, because of concerns, as you say, four unjustly detained innocent Americans, and I know the personal interest that you have taken in it and I know the families are very grateful for that.

We have negotiated in parallel, separate from the nuclear deal, a possible deal with Iran that would result in the release of the four—of our four unjustly detained citizens. It is an outrageous form of behavior, and I wish we did not have to do anything. They should just release them tomorrow, but we know who we are dealing with and so we are negotiating. We hope to be successful. We hope that they could be soon reunited with their loved ones, but we are not there yet.

Senator COONS. There is a number of regimes that do this around the world and I think it is important that we continue to work diligently, tirelessly, to secure their return and to not reward the Iranian regime in any way for the ways in which they are oppressing their own people and breaking with all sorts of norms.

Thank you for your testimony. My understanding is there is no other Republican seeking recognition so I will move to Senator Markey.

Senator MARKEY. Thank you, Mr. Chairman, very much.

President Trump blew up the Iran nuclear deal and then left a minefield to make it difficult for any successor to cleanly reenter, but President Biden knows that the alternative to diplomacy is far worse.

We will see more enrichment, more proxy attacks, and a risk to a direct war. The Iran nuclear deal is not a panacea nor was it ever intended to be. It is, however, a verifiable agreement that cuts off each of Iran's three pathways to a nuclear bomb.

Trump's policies of maximum pressure actually led to maximum enrichment and maximum tension that nearly led the United States and Iran to war in January of 2020.

If we hope to avoid Iran from becoming another North Korea—a point of no return—we have to get back into the deal without delay.

So I would just like to ask you a few questions, Special Representative Malley, about whether or not we are better with a deal on no deal.

So if we pick a deal with Iran, is it not true that Iran would be required to ship out of Iran an estimated 40 kilograms of uranium enriched to 60 percent—the enrichment level of greatest concern—as well as its entire stock of enriched uranium enriched above 3.67 percent?

Mr. MALLEY. That is correct. All of it will have to be shipped out.

Senator MARKEY. That means that Iran's current breakout time, the time it takes to get enough fissile material to get a bomb, will go from days to around 6 months to actually have the nuclear weapons material needed for a bomb. Is that correct?

Mr. MALLEY. That is broadly accurate. We assess now that we are—it is a matter of very few weeks and we would get to many more months if we were back in the deal.

Senator MARKEY. If we pick, again, no deal, is it true Iran could decide to enrich up to a weapons-grade level of 90 percent in between inspections by the International Atomic Energy Agency?

Mr. MALLEY. Correct.

Senator MARKEY. That is correct. How will no deal or plan B—in other words, a military attack against Iran—extend Iran's breakout time?

Mr. MALLEY. That is a difficult question to answer in this setting. What I said and I said in response to Senator Murphy's question is we know that a military strike is not an answer to Iran's nuclear program.

Senator MARKEY. So no deal policies have not only failed to tighten the lid on Iran's nuclear program, it lifted them entirely, but let me follow on. Did President Trump's maximum pressure campaign effectively curb other aspects of Iran's malign and destabilizing activities in the region?

Mr. MALLEY. Not in the least.

Senator MARKEY. Not in the least. Is it true that in 2019 and 2020, attacks by Iran-backed groups increased exponentially in the region and following the assassination of Iranian General Soleimani in January of 2020 we almost went to war with Iran?

Mr. MALLEY. Correct.

Senator MARKEY. Thank you. Plan B, that is, a military attack or no deal at all with Iran, could also mean that there are going to be military strikes on Iran's nuclear facilities. Have past strikes against Iran or sabotage permanently derailed the progress of Iran's nuclear program?

Mr. MALLEY. All I could say is that Iran's nuclear program continues apace.

Senator MARKEY. So we know that military action will fail to stop an Iranian nuclear weapon. It may very well spur it to cross the threshold.

If we were to use force, is it fair to expect that Iran may take actions such as attacks on our troops, our partners in the region, attacks on Saudi Arabia's energy facilities, and disruptions of sea traffic in the Strait of Hormuz?

Mr. MALLEY. I do not want to speculate too much. I think those—that is a fair assessment, yes.

Senator MARKEY. For me, it is a cut and dried case of why a deal, while imperfect, is far superior to no deal. The IAEA inspections and monitoring of Iran's facilities will be lost completely without a deal.

We will be left in the dark about Iran's breakout time. That fog will lead to calls for military action by the United States or its allies against Iran, which, if taken, would at best temporarily derail Iran's nuclear program and more likely put American troops into harm's way in the Middle East, perhaps sparking an all-out Middle

Eastern war. We can ill afford to stumble into yet another conflict in the Middle East.

Thank you so much, Mr. Malley, for all of the superior work which you are doing with the Biden administration.

Thank you, Mr. Chairman.

Senator COONS. Senator Barrasso.

Senator BARRASSO. Thanks so much, Mr. Chairman.

From the first days in office, the Biden administration, really, has failed—overwhelmingly failed—to prioritize energy security. The State Department has been working to cut deals with brutal dictators in order to access more energy resources. We saw it again last week. That is when the Administration announced the decision to start easing oil sanctions on Venezuela.

You have been negotiating a deal to eliminate sanctions on Iran's energy sector. Our adversaries would love—would love to see us more dependent upon them to meet our energy needs.

Our experience of buying Russian energy taught us or should have taught us that buying energy from tyrants is a dangerous proposition. It makes our nation and our allies less safe.

Does the Iranian regime use energy revenue to fund its global terror campaign?

Mr. MALLEY. Senator, Iran is a state sponsor of terrorism and it uses its revenues to those ends.

Senator BARRASSO. How would you compare the environmental standards and the labor standards for energy production in Iran compared to those in the United States?

Mr. MALLEY. Not looked at it in detail, but I would assume that our standards are higher. I admit that I have not looked at those in detail.

Senator BARRASSO. I would point out last week in the Energy Committee discussing this same issue, it tends to be that Iran and Venezuela both have much worse standards than the United States, the energy that we produce here much cleaner than the standards in either of those locations.

Iran has the world's fourth largest reserves of crude oil. I am concerned about recent news on Iran's action in the energy sector. News reports indicate that Iran is working to revamp Venezuela's largest oil refinery.

We know that Oman and Iran have signed a variety of deals in the oil and gas sector. Iran is increasing its oil exports. With the current oil prices, increased revenues means that Iran has more money to pursue its terrorist activities.

Which countries do you know are currently purchasing energy resources from Iran?

Mr. MALLEY. China is the main importer of—illicit importer of Iranian oil.

Senator BARRASSO. Are the reported Chinese imports of Iranian oil sanctionable under U.S. law?

Mr. MALLEY. They are, and as of this morning we took action that affected a Chinese—that touched on China's efforts to procure Iranian oil.

Senator BARRASSO. I am not sure what exactly happened this morning, but I was just questioning because, if so, why has the

Biden administration failed to enforce sanctions on entities involved in the transaction with Iran?

Mr. MALLEY. We are imposing all our sanctions and we will continue to do so to make sure that we could bring down Iran's illicit export of oil as low as possible.

Senator BARRASSO. I want to talk about sanctioning of Iran's leaders. For over four decades, the Iranian Supreme Leader Khamenei has been personally involved in Iran's terrorist activities and human rights abuses.

He has systematically oppressed his own people, committed extreme violence across the globe. A U.S. federal court held him personally responsible for the death of 19 U.S. troops in the bombing in Saudi Arabia.

Federal courts also held him personally responsible for the deaths of U.S. civilians in three terrorist bombings in Israel. President Trump imposed sanctions on the Supreme Leader.

Media reports indicate that President Biden plans to remove U.S. sanctions on him. Do you know if President Biden made a final decision on lifting sanctions on the Iranian Supreme Leader?

Mr. MALLEY. Senator, no final decision has been made. There is no deal. Nothing is agreed until everything is agreed and, as I said earlier, the prospects for a deal are, at best, tenuous at this point.

Senator BARRASSO. I want to talk about ballistic missiles. The Obama administration failed to address and adequately respond to Iran's ballistic missile program in the Iranian nuclear agreement.

On July 7 of 2015, the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, declared, "Under no circumstances should we relieve pressure on Iran relative to ballistic missile capabilities and arms trafficking."

Seven days later, the Obama administration did the complete opposite of what the Chairman of the Joint Chiefs of Staff had stated in terms of what our military advisors recommended.

Under the Iran agreement, the Obama administration agreed to lift the arms embargo after 5 years, lift restrictions on ballistic missile technologies after 8 years.

Fast forward to October of 2020. The international arms embargo on Iran, the world's largest state sponsor of terrorism, was officially lifted. The restrictions on ballistic missile technologies are expected to be lifted next year.

What is this Administration's strategy and plan to address Iran's production of ballistic missiles now?

Mr. MALLEY. Senator, we have tools at our disposal to go after Iran's ballistic missile program. Regrettably, the U.N. sanctions have not had much, if any, effect on Iran, and we know that from experience Iran has flouted them.

It is our interdiction efforts, it is our efforts to go after the financing of their procurement and their exports of ballistic missiles that can make a difference if we can work hand in hand with our allies and partners.

Our efforts—our diplomatic efforts have restitched our relationship with Europe and we believe we are in a much stronger position now working with them to go after the very legitimate concerns that you raised.

Senator BARRASSO. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN [presiding]. Thank you.

Senator Schatz.

Senator SCHATZ. Thank you, Mr. Chairman. Thanks, Mr. Malley, for being here and for your work.

I just want to follow up on ballistic missile capability. Can you describe how much worse things would be with Iran and its current and future ballistic missile capability and if they reach the ability to arm those missiles with a nuclear tip?

Mr. MALLEY. Senator, that goes to the heart of the question that we are discussing today, which is all of these problems—and the Biden administration takes a back seat to no one at the level of its concern about Iran's ballistic missile program, support for terrorism, proxy activities—but all of them would be far worse if Iran were armed with a nuclear weapon, which is why, even as we work on the other issues, we consider this one an urgent priority to see whether we can restore the limitations and put Iran's nuclear program back in a box because, as your question suggests, we would be facing a much more dangerous reality today if Iran was nuclear armed.

Senator SCHATZ. Let us talk a little bit about the reality since the Trump withdrawal from the JCPOA. Iran has increased its research, development, and enrichment activities, decreasing the time it needs to produce enough weapons-grade HEU for a nuclear weapon, and now it possesses 40 kilograms of uranium enriched to 60 percent.

That is very close to the threshold where it could break out in between IAEA inspections, and this situation will worsen if Iran installs advanced centrifuges. What caused the significant increase in Iranian nuclear activities, including uranium enrichment in 2019?

Mr. MALLEY. Senator, as we were discussing earlier, Iran was living up to its commitments under the JCPOA until 2019, a year after President Trump withdrew from the deal, at which point it announced that it would gradually violate the constraints and the requirements that it was under, and that is what has happened since 2019 and that is the situation that President Biden inherited.

Senator SCHATZ. This whole debate is sort of actually difficult to metabolize because I get the criticisms of the original JCPOA. Valid or invalid, they have a point of view.

What I do not get is this idea that someone gives you three-quarters of a cheeseburger and you say, I am so hungry I want a full cheeseburger. I would rather have nothing.

I mean, that is, literally, the argument that we are having, which is not that—we are not at the point where we can criticize former Secretary of State John Kerry for—he should have negotiated for more. That is angels dancing on the head of a pin.

We are in a reality now where things are measurably worse, objectively worse, because of the withdrawal. I would like you to comment on that.

Mr. MALLEY. Senator, I could not say it any better. We are not talking about hypotheticals here. We are not speculating. This is not a thought experiment, which it may well have been in 2016. People could have argued one way or the other.

Now we know. We know what life was like under the deal. We know what it is like today. In both cases, we have to deal with a

dangerous Iran and one that we are going to have to push back against.

In one case, we had a nuclear program that was in a box, that, as I have said repeatedly, senior Israeli security officials today, from former Prime Minister Ehud Barak, former Defense Minister Bogie Ya'alon, all say in unison the decision to withdraw from the deal was one of the most damaging to Israel's security and more and more are saying openly getting back into the deal would be far better for our security and would create the—put us in a much better position to confront those other activities. This is not a thought experiment. We have lived both realities and I think the verdict could not be any clearer.

Senator SCHATZ. Yes. I mean, I remember the argument that the sunset should have been longer into the future. Fair enough, but the answer to a sunset should have been longer into the future is not let us sunset it now. It just does not make any sense to me.

A final question about IAEA inspections. How quickly—how technically feasible is Iran's return to compliance, assuming we make a deal? Tell me about the logistics of getting the IAEA in there for verifiable inspections.

Mr. MALLEY. Senator, as part of these negotiations, if we were to reach a deal and, again, it is a huge question mark—I am not particularly optimistic, to put it mildly—they would have to provide all of the access to the IAEA and as a first step allow the IAEA to reconstitute the baseline to know what has happened during the years where it has become increasingly blind. We focus a lot on the enrichment side, but what Iran has done since President Trump withdrew from the deal is it has curbed the IAEA's access.

So the visibility, which was one of the main achievements of the deal, and what Director—General Grossi, which one of the senators who—one of the senators referred to earlier, what he would say is we are much better off with the visibility.

We are infinitely better off, infinitely better off, with the visibility that the IAEA—that the monitoring and verification regime the JCPOA provided. Now we see less. We know less. We are in a much more dangerous position.

Senator SCHATZ. Thank you.

The CHAIRMAN. Thank you.

Mr. Malley, several of my colleagues who view the JCPOA as a good thing have tried to put the best foot forward for you. I hope you will entertain me with the same yes or no answers you did for several of them.

When we entered into the JCPOA, 7 years later, did we make any advances on Iran's nuclear—I mean, missile program? Yes or no.

Mr. MALLEY. Compared to—I am sorry. Compared to 2016?

The CHAIRMAN. Yes.

Mr. MALLEY. As we said, we are in a worse position today. It accelerated since 2019.

The CHAIRMAN. Well, forget about today because I know what you are hinting at.

Mr. MALLEY. Okay.

The CHAIRMAN. Not hinting. You made it very clear.

Mr. MALLEY. Yes.

The CHAIRMAN. We are worse off today because President Trump walked away. I get it. Even in the time before President Trump, did we—when he was in the deal—did Iran do anything to mitigate its missile program? Yes or no.

Mr. MALLEY. It did not.

The CHAIRMAN. Did Iran not, in fact, take hostages during the period of time in which we were in the JCPOA?

Mr. MALLEY. It did.

The CHAIRMAN. Did Iran actually not, ultimately, proliferate its proxies during the same period of time that we were in the JCPOA?

Mr. MALLEY. It continued to support its proxies, yes.

The CHAIRMAN. Did it not continue to destabilize the region during the JCPOA?

Mr. MALLEY. Yes.

The CHAIRMAN. Did it not have drone strikes against our allies and our own bases during the JCPOA?

Mr. MALLEY. I would have to recall. I do not think during the time that we were in the deal. I think that started after President Trump.

The CHAIRMAN. I would urge you to go back and look at the record. They may have increased, but we had drone strikes. So they—and none of those questions and the answers you gave me are hypotheticals, correct? They were all realities.

Mr. MALLEY. Absolutely.

The CHAIRMAN. Let me ask you, how is it that Iran is in compliance with its obligations to the IAEA safeguards agreement, given that Iran has not provided answers to the IAEA?

Mr. MALLEY. I am sorry, Mr. Chairman. I have said clearly Iran was in compliance with its JCPOA commitments. It is not anymore. It has not been in compliance with its safeguards obligations, which are separate from the JCPOA.

The CHAIRMAN. Okay. So it was never in compliance with its safeguard obligations because—

Mr. MALLEY. Correct.

The CHAIRMAN. —it never came fully forward, and those are not just a matter of hypothetical concerns. The IAEA found trace materials at various sites of uranium and what could have been a production program in undeclared sites and has not been able to get those answers satisfied. Is that a fair statement?

Mr. MALLEY. We know that Iran has been concealing and lying, which is why we need to make sure that it is no closer to nuclear armed—

The CHAIRMAN. Basically, Iran lies by not being willing to come—they say they have an agreement, they are going to abide by it, but it does not abide it with the IAEA.

Here is the problem. By the way, you cited the IDF intelligence head, who said that 2030, which is when the sunsets end, would have been as bad as it is today, that today is a bad moment as it would have been in 2030. That is what you made a reference to, right?

Mr. MALLEY. Would not have been as bad as the current situation was what he said.

The CHAIRMAN. Right. Would have been as bad as the current situation today. So that means 2030 would have been a bad situation in the IDF's intelligence estimate, and guess what? As we speak and you are trying to negotiate, that is only 8 years away.

If we take the 7-year history of Iran under the JCPOA, in which it never showed any willingness to deal with its missile proliferation, in which it never, ultimately, showed any willingness to mitigate its destabilization of the region, in which it never showed any willingness to pull back on its proxies, in which it arrests—unlawfully detained as hostages American citizens, then this expectation—this is where the disconnect is, the expectation that bringing us back to a deal that is not the same deal, by the way, because everything I have heard publicly is that, at best, we would get 6 months, not a year—6 months is much different than a year—and my understanding is none of the sunsets would be changed.

If that is the case, then all the aspirations of what supposedly comes on afterwards, and I would dispute with you the characterization that the Administration through the Secretary of State made that that was a foundational—that stronger and longer would come after an agreement—that was never the statement of the Secretary of State.

He was here before this committee. He said from the very beginning that the effort was to have a stronger and longer agreement, which I concurred with.

Never was it you got to get into the JCPOA as it was, and then we will look for a stronger, longer agreement, because then I would have disputed with him, as I would with you, that if 7 years of experience shows us that none of that was possible during those 7 years, then why in God's name would it be possible when the Iranians just have to hang in there for another seven to get to where they want to be?

This is the disconnect in trying to understand why the fixation of getting into an agreement that is worse than the one we have, admittedly, because you were dealt a different set of cards, but nonetheless worse than the one we have, is much better.

So I look forward to having a classified hearing so that we can explore with you and other members of the Administration exactly what is the plan moving forward, either while you keep the door open waiting, but that waiting is dangerous when the Iranians can now, clearly, cross the threshold at virtually any moment and we may even lose when they have accomplished that, based upon all the amassed material they have, and without doing anything else. I look forward to having a classified session, so we can explore those questions.

With the thanks of the committee for your testimony—we appreciate it—we are going to excuse you now and we have some—a private panel coming up.

Thank you very much.

Mr. MALLEY. Thank you, Mr. Chairman, Ranking Member.

The CHAIRMAN. As Mr. Malley leaves, let me welcome Mr. Karim Sadjadpour, a senior fellow at the Carnegie Endowment for International Peace. Mr. Sadjadpour has written extensively on Iran and U.S. foreign policy towards the Middle East.

He has also advised senior U.S., European, and Asian officials and has testified numerous times before the U.S. Congress, and he is an adviser to the Aspen Institute's Congressional Program on the Middle East, and prior to his current role, he was with the International Crisis Group based in Tehran and Washington. We welcome him to the committee.

We also welcome to the committee Mr. Mark Dubowitz, the chief executive officer of the Foundation for Defense of Democracies. Mr. Dubowitz is an expert on Iran's global threat network and U.S. policy.

He has advised various administrations and lawmakers, testified more than 20 times before the U.S. Congress and foreign legislatures. He is a former venture capitalist technology executive who founded the FDD's Iran program and co-founded the FDD's Center on Economic and Financial Power, Center on Military and Political Power in China Program.

Thank you both for joining us. We would ask you to summarize your statements in about 5 minutes. Your full statements will be included in the record.

Mr. Sadjadpour, we will start with you.

STATEMENT OF KARIM SADJADPOUR, SENIOR FELLOW, THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, WASHINGTON, DC

Mr. SADJADPOUR. Thank you, Mr. Chairman, Ranking Member, and members of the committee for inviting me today.

I would like to talk about the nature of the Iranian regime and a sober U.S. strategy to contend with it. I would argue, over the last four decades no government in the world has had a more clear and consistent grand strategy than the Islamic Republic of Iran and there, essentially, have been three components to Iran's grand strategy.

Number one, they have sought to topple the U.S.-led world order, number two, they have sought to replace Israel with Palestine, and number three, Iran has sought to remake the Middle East in its image.

These aspirations of Iran will continue regardless of whether or not the nuclear deal with Iran is revived. Part of the reason for the consistency of Iran's grand strategy over the last four decades is the fact that Iran has only had two leaders since 1989—Ayatollah Khomeini, the father of the Islamic Revolution, and from 1989 to the present, Iran has been ruled by the current Supreme Leader, Ayatollah Ali Khamenei. He has not left Iran since 1989, and for Ayatollah Khamenei the identity of the Islamic Republic is premised on hostility towards the United States.

The former president of Iran, Mohammad Khatami, in fact, once told me in a private setting that when he was president—when Mr. Khatami was president, the Supreme Leader used to tell him that Iran needs enmity with the United States. The revolution needs enmity with the United States.

So for that reason, I think, from the vantage point of U.S. foreign policy it is going to be very difficult for us to make any type of amends with a regime which needs us as an adversary for their own internal legitimacy.

So what should be a U.S. strategy to contend with the Islamic Republic of Iran? I think there are three components to a sober U.S. strategy toward Iran.

Number one, we, obviously, have to contain and counter Iran's nuclear ambitions. Number two, we have to contain and counter Iran's regional ambitions. Number three, which is, I think, very important and often overlooked, it is important for us to champion the democratic aspirations of the Iranian people. We oftentimes overlook this, but I would argue this is central to how the Cold War with the Soviet Union ended.

Now, over the last four decades, there has been very few instances in which the Islamic Republic of Iran has compromised, the last being when they signed the JCPOA in 2015, and I would argue the way in which Iran is—the conditions under which Iran is compromised has only been one formula and that is that Iran compromises when it is faced with significant multilateral pressure coupled with direct U.S. engagement and firm U.S. resolve, and number three, in pursuit of a concrete viable outcome.

As much as we would like to have maximalist goals vis-à-vis Iran to totally eradicate Iran's nuclear program or to totally expunge Iranian influence in the Middle East, these are not viable goals.

I think the good news is that Iran is one of the most strategically isolated countries in the world. Its only real ally has been the Assad regime in Syria.

I would like to conclude on my final point, which is that the greatest ally that the United States has against the Islamic Republic of Iran are, in fact, the people of Iran, the vast majority of whom aspire to be like South Korea, not North Korea.

The U.S. policy tools that we have used to prevent Iran from becoming like North Korea have been political and economic isolation, but I would argue, to try to facilitate the Iranian society's aspirations of becoming like South Korea, it also requires U.S. engagement and integration, and I think the way we thought creatively about how to engage with societies in the Soviet Union and Russia and the Eastern Bloc using information, inhibiting those regimes' ability to control information and communication tools, I think we need to think much harder about that in the Iranian context.

The very final thing I would like to talk about are, in fact, the hostages, and I thank you, Mr. Chairman and Ranking Member, for talking about them. One of my close friends of 20 years is Siamak Namazi.

He has been held hostage in Iran almost 7 years now and he believes that his fate, his freedom, is not going to be resolved. He is not going to become free absent a U.S.-Iran agreement, and I think we really need to think hard about how to separate the issue of the JCPOA and the issue of freeing American hostages in Iran, and I think we need to think very hard with our like-minded allies about how to deter and penalize this odious Iranian practice of hostage taking.

Thank you very much.

[The prepared statement of Mr. Sadjadpour follows:]

Prepared Statement of Mr. Karim Sadjadpour

A U.S. STRATEGY FOR IRAN

Thank you Chairman Menendez, Ranking Member Risch, and members of the committee. Our national discussion on Iran has focused primarily on tactical considerations and speculation about the likelihood of reviving the 2015 nuclear agreement. I would like to use this opportunity to briefly articulate a broader U.S. strategy for Iran that encompasses, but is not limited to, Iran's nuclear ambitions and is premised on a sober understanding of the Iranian regime, based on a case study of the last 43 years.

Over the last four decades, no government in the world—including China or Russia—has had a more clear or consistent grand strategy to challenge the U.S.-led world order than the Islamic Republic of Iran. Since the 1979 Islamist revolution transformed Iran from a U.S.-allied monarchy to an anti-American theocracy, Tehran has sought to expel the United States from the Middle East, replace Israel with Palestine, and remake the Middle East in its image. Tehran has not achieved its lofty ambitions, but it has made progress toward them—and it is feeling emboldened by its successes and perceived U.S. failures. Whether or not the nuclear deal is successfully revived, these Iranian aspirations will continue.

While Iran's military budget and GDP are dwarfed by those of the United States, its physical size (75 times larger than Israel, four times larger than Germany), geostrategic location, natural resources, ideological zeal, and cultivation of foreign militias have made it central to a wide range of U.S. national security challenges. Tehran figures prominently in any discussions about nuclear proliferation, Islamist radicalism, energy security, cyberwarfare, disinformation, hostage taking, and drone warfare. While the malaise of the modern Middle East has many fathers, as long as Iran, one of the region's largest and wealthiest nations, is ruled by a brutal theocracy that uses its energy wealth to fund and train armed militias that espouse its intolerant revolutionary ideology, a more stable, tolerant, prosperous region will remain a distant dream.

Yet a sober U.S. strategy toward Iran must distinguish between what is desirable and what is viable. The United States can constrain Iran's nuclear and missile programs; we cannot eliminate them. We should stand for civil and human rights in Iran; we cannot engineer regime change. We can limit and expose destructive Iranian policies in the Middle East; we cannot expunge Iranian influence from the region. We can attempt to manage our differences with Iran; we cannot force a rapprochement with a regime that needs us as an adversary.

Iran presents both a challenge and an opportunity to the United States. A U.S. strategy that focuses only on the nuclear and regional ambitions of the Iranian Government while overlooking the democratic aspirations of the Iranian people ignores the lessons of how the Cold War ended. U.S. policy should be designed to not only counter the destructive ambitions of the Iranian regime, but also to champion the constructive ambitions of the Iranian people.

THE NATURE OF THE IRANIAN REGIME

The Islamic Republic has proved adept at surviving but, like many revolutionary (<https://journalofdemocracy.org/articles/the-durability-of-revolutionary-regimes/>) regimes, incapable of reforming. Ayatollah Ali Khamenei, the country's 83-year-old supreme leader, is one of the world's longest-serving and most dogmatic autocrats. Since becoming supreme leader in 1989—the last time he left the country—Khamenei has skillfully vanquished four Iranian presidents, brutally quelled numerous mass uprisings, expanded Iranian power throughout the Middle East, and withstood efforts by seven U.S. presidents to sideline him, engage him, or coerce him. He has never met face-to-face with a sitting U.S. official and has so far prohibited Iranian diplomats from talking to their U.S. counterparts during current JCPOA negotiations. He has carefully handpicked fellow hard-line “principlists”—so called for their loyalty to the revolution's principles—to run the regime's most powerful institutions, most importantly the powerful Islamic Revolutionary Guard Corps (IRGC).

Khamenei's commitment to Iran's revolutionary principles is cloaked in ideology but driven by self-interest. Like many dictatorships, the Islamic Republic faces a reform dilemma in that it must open up to survive, but doing so could destroy it. In contrast to more pragmatic Iranian revolutionaries who favored a Chinese-style economic opening and rapprochement with the United States, Khamenei long ago concluded that abandoning the revolution's principles—including its opposition to the United States and Israel—would be like taking a sledgehammer to the pillars of a building. The collapse of the Soviet Union, which was preceded by Mikhail

Gorbachev's glasnost reforms, further attuned Khamenei to the wisdom of political philosophers like Alexis de Tocqueville, who warned that "the most perilous moment for a bad government is one when it seeks to mend its ways."

Although ending the four-decade U.S.-Iran cold war would serve the national interests of both countries, Washington will not be able to reach a peaceful accommodation with an Iranian regime whose identity is premised on opposing the United States and whose leader believes that softening this opposition could cost him everything. Nor are there any quick fixes—whether in the form of greater U.S. engagement or pressure—that can swiftly change the nature of the U.S.-Iranian relationship or the Iranian regime. For this reason, the United States must deal with Iran like any adversary: communicate to avoid conflict, cooperate when possible, confront when necessary, and contain with partners.

A THREE-PART U.S. STRATEGY

How should Washington deal with such an adversary? U.S. strategy toward Iran should have three broad objectives:

- 1) Contain Iran's nuclear program;
- 2) Counter Iran's regional influence; and
- 3) Champion Iranian democratic ambitions.

It would be unrealistic to expect nuclear non-proliferation, regional security, and Iranian civil rights to be discussed in one negotiation. Rather, these three areas should be viewed as complementary, rather than conflicting, pieces of a unified strategy.

CONTAINING IRAN'S NUCLEAR AMBITIONS

The U.S. intelligence community has long assessed, including recently (<https://www.haaretz.com/us-news/.premium-cia-chief-no-evidence-iran-has-made-decision-to-weaponize-nuclear-program-1.10447274>), that Iran's leadership has not yet made the decision to weaponize its nuclear program. Despite the program's clandestine history, Iran's nuclear strategy has thus far been a transparent attempt to reap the benefits of being a nuclear weapons state without incurring the costs. As non-proliferation expert Robert Litwak aptly wrote (<https://www.wilsoncenter.org/article/irans-nuclear-challenge-and-military-option-nonproliferation-precedents-and-case>), "A nuclear hedge is Iran's strategic sweet spot—maintaining the potential for a nuclear option while avoiding the regional and international repercussions of actual weaponization."

Viewed from the outside, Iran's nuclear ambitions have provided the country with global recognition and distracted from the regime's internal failings and destructive regional policies. Viewed from the inside, however, Iran's nuclear program has been an expensive failure, costing the country hundreds of billions of dollars (in sunk costs and sanctions) without providing electricity (less than 2 percent of Iran's energy needs) nor deterrence against U.S. or Israeli attacks on Iranian officials and nuclear infrastructure.

The 2015 Iran nuclear deal—known as the Joint Comprehensive Plan of Action (JCPOA)—illustrated that Tehran is prepared to compromise only when faced with a combination of significant, multilateral pressure and firm U.S. resolve, in pursuit of a concrete, limited outcome. Former Deputy Secretary of State (and current CIA Director) Bill Burns, one of the chief diplomat architects of the agreement, wrote (https://www.google.com/books/edition/The_Back_Channel/UDFeDwAAQBAJ?hl=en&gbpv=1&dq=burns+tough-minded+diplomacy,+backed+up+by+the+economic+leverage+of+sanctions,+the+political+leverage+of+an+international+consensus,+and+the+military+leverage+of+the+potential+use+of+force.&pg=PA338&printsec=frontcover) that the JCPOA was spawned by a U.S. strategy of "tough-minded diplomacy, backed up by the economic leverage of sanctions, the political leverage of an international consensus, and the military leverage of the potential use of force."

Such a strategy does not currently exist. Although sanctions against Iran remain significant, they have not been diligently enforced; Iranian oil sales to China have increased (<https://www.reuters.com/business/energy/nuclear-talks-resume-irans-oil-exports-increase-2022-02-10/>) several-fold. The Biden administration's patient commitment to reviving the agreement, and seeming reluctance to consider alternative strategies, has been interpreted by Tehran as an opportunity to try and extract additional concessions, without fearing a closing window of opportunity. The polarized domestic American political context and the broader geopolitical context—including the humiliating U.S. withdrawal from Afghanistan, U.S.-China tension, and the

Russian invasion of Ukraine—has raised further questions in Iran about American credibility and resolve.

To be clear, there exists no good alternative to contain and reverse Iran's nuclear progress other than a negotiated settlement. The Trump administration had 4 years to prove the alternative thesis—that an increase in American pressure and an absence of American diplomacy could force the Iranian regime into capitulation or collapse. Although the Trump administration's maximum pressure campaign subjected Iran to enormous economic deprivation and humiliation—including the January 2020 assassination of its top military commander, Qassem Soleimani—its regime closed ranks, its nuclear program expanded, and its regional influence remained intact despite diminished expenditures.

As the Biden administration itself has acknowledged, a potential revival of the JCPOA must not be the finish line but rather a starting point for follow-on negotiations to “lengthen and strengthen” the agreement. Any nuclear settlement must also be embedded in a broader strategy to counter Iran's regional influence and internal repression. While the task of reassembling a global coalition to strengthen the nuclear deal will prove challenging, Europe, Russia, and China continue to support the underlying goal of averting an Iranian bomb and conflict with Iran.

Marshaling a global response to Iran's regional ambitions will be harder, given China's preference for neutrality, Russia's alliance with Iran in supporting Assad in Syria, and European fears of provoking Tehran. Nevertheless, Iran remains among the world's most strategically isolated nations. Russia has ignored Israel's repeated attacks (<https://www.reuters.com/article/us-syria-attack-israel/israel-launches-major-air-strikes-on-iran-linked-targets-in-syria-idUSKBN29H32S>) on Iranian outposts in Syria, Chinese trade with Saudi Arabia and the United Arab Emirates exceeds (<https://foreignpolicy.com/2020/12/18/china-wont-rescue-iran/>) its trade with Iran, and European popular views on Iran—which is holding several European nationals hostage (<https://www.france24.com/en/live-news/20220512-activists-condemn-iran-hostage-taking-of-foreigners>)—are just as jaundiced (<https://www.peuresearch.org/fact-tank/2020/12/02/iran-widely-criticized-in-14-advanced-economies/>) as American popular opinion. Russia and China are particularly sensitive about respecting national sovereignty, often the gravest concern of Iran's regional rivals.

COUNTERING IRAN'S REGIONAL AMBITIONS

The Islamic Republic of Iran is to many U.S. partners in the Middle East what Putin's Russia is to Europe: An energy rich but ideologically bankrupt bully ruled by a paranoid autocrat who routinely violates the sovereignty of its neighbors and seeks security in the insecurity of others.

Just as Putin's successful military incursions in Georgia, Crimea, and Syria led him to believe his 2022 invasion of Ukraine would be a similarly low-cost victory, the Islamic Republic of Iran's perceived regional triumphs, coupled with U.S. regional failures, has fueled Iran's hubris and further convinced it of America's inexorable decline.

Over the last two decades, Iran has established outsized influence in Iraq, Lebanon, Syria, and Yemen, the four failed or failing states that constitute what Iranian officials call their “axis of resistance.” It has done so by successfully cultivating regional militias, such as Hezbollah in Lebanon and the Houthis in Yemen, and by exploiting the power vacuums left by the U.S. invasion of Iraq in 2003 and the Arab uprisings of 2010. Neither the United States nor Iran's regional rivals have demonstrated the will or the capacity to challenge Tehran's foothold in these countries. Arab disorder has facilitated Iranian ambitions, and Iranian ambitions have exacerbated Arab disorder.

Although Tehran and Washington have faced numerous shared threats in the region since 1979—including the Soviet Union, Iraq under Saddam Hussein, al Qaeda, the Taliban, and the Islamic State (or ISIS)—U.S. attempts at strategic cooperation with Iran have repeatedly failed. Instead of prioritizing Iran's national interests, the Islamic Republic's grand strategy is built on a hierarchy of enmity: any adversary of the United States and Israel is a potential partner for Tehran. As Ayatollah Khamenei put it in 2021, “We will support and assist any nation or any group anywhere who opposes and fights the Zionist regime, and we do not hesitate to say this.”

As the Middle East's lone theocratic state, Iran has managed to harness Islamist radicalism—both Shia and, at times, Sunni (<https://www.theatlantic.com/international/archive/2017/11/al-qaeda-iran-cia/545576/>)—more effectively than any of its peers. Indeed, although the Iran-Saudi rivalry is commonly viewed as a sectarian war between Shia Iran and Sunni Saudi Arabia, Tehran's huge asymmetric

advantage over Riyadh is that virtually all Shia radicals are willing to fight for Iran, whereas virtually all Sunni radicals, including the Islamic State and al-Qaeda, want to overthrow the Saudi Government.

Iran's ideal vision is a Middle East in which there is no U.S. presence, a popular referendum has rendered Israel a Palestinian state, and Khomeinist anti-imperialism is a source of inspiration for Arab and Muslim hearts and minds. This strategic vision will not change as long as Khamenei is supreme leader, and it could well outlast him, given its perceived success. The United States' withdrawal from Afghanistan has emboldened Tehran to try to force Washington to abandon Iraq and its military bases in the Persian Gulf. And given the relatively low penalties Iran has paid for its regional policies—compared with the sanctions and sabotage campaigns it has endured for its nuclear ambitions—it has had little reason to reassess.

Yet, for all of Iran's success in cultivating militant groups across the Middle East, there are tangible signs that it has overreached. Mutual fears of Iran helped midwife the Abraham Accords, the 2020 normalization agreements that gave Israel a strategic foothold several dozen miles from Iran's border. Opinion polls (<https://www.hoover.org/research/evolution-arab-popular-opinion-toward-iran-and-iranian-self-perceptions>) also show that nearly two-thirds of young Arabs in the region now view Iran as an adversary, a sizable majority of Arabs of all ages want Iran to withdraw from regional conflicts, and more than half of Arab Shiites hold an "unfavorable" view of Iran. In recent years, Iraqi protesters have attacked and set fire to the Iranian consulates in Najaf and Karbala—two Shiite shrine cities that are long-time Iranian strongholds in Iraq—and Lebanese Shiites have protested against Hezbollah in the southern Lebanese city of Nabatiyah. Recent elections in both Iraq and Lebanon showed waning support for Iranian-allied politicians.

Although Iranian influence in the Middle East cannot be eliminated, it can be more effectively exposed, countered, and contained. The JCPOA proved that pressure and diplomacy can work if directed to a viable end game—in that case, restraining rather than eradicating Iran's nuclear program. A similar formula should be used to meaningfully restrain, rather than wholly eradicate, Iran's regional influence.

Given Washington's limited direct leverage over Tehran—virtually all Iranian trade is with countries other than the United States—an effective strategy to contain and counter Iran will require U.S. leadership and international consensus building. Although the United States and other major powers have divergent views on Iran, a Middle East in which the rule of law, sovereignty, and the free flow of energy are all imperiled serves no one's interests (with the possible exception of Russia's). The same is true of a region where terrorist groups are resurgent.

U.S. policy cannot change Iran's resistance ideology to counter American influence and end Israel's existence, but it can—with the help of other countries—contain the Islamic Republic until Tehran gets a government that seeks to do what is good for Iran instead of what is bad for its ideological enemies. Ultimately, the Islamic Republic's grand strategy will be defeated not by the United States or Israel but by the people of Iran, who have paid the highest price for it.

CHAMPIONING IRANIAN DEMOCRATIC ASPIRATIONS

The paradox of Iran is that of a society that aspires to be like South Korea—free, prosperous, and globally integrated—but which is hindered by a hardline revolutionary elite that more closely resembles North Korea. Iran will continue to bleed national resources to subsidize its costly nuclear and regional ambitions, deepening the Iranian public's economic, political, and social frustration and necessitating ever-greater repression.

After more than four decades in power without any meaningful reform, many Iranians understand that the character of the Islamic Republic is unlikely to change. Virtually all the conduct the regime has exhibited since its inception—hostage taking; the cultivation of regional militias; the persecution of women, religious minorities, LGBTQ people, and free thinkers—have proceeded with the same intensity. Tehran's official slogan of "Death to America" has also continued uninterrupted throughout both Republican and Democratic U.S. administrations.

While Iran's internal dynamics may appear of secondary strategic importance to the United States, as former U.S. Ambassador to Russia Michael McFaul (https://books.google.com/books?id=y34sDwAAQBAJ&pg=PA161&lpg=PA161&dq=Arms+controllers+didn't+end+the+Cold+War+with+the+Soviet+Union;+democrats+inside+Russia+and+other+Soviet+republics+did&source=bl&ots=AT2HKB-dtH&sig=ACfU3U3PI0z7ECa6Ou2BS2T5AI3Tq_HRRQ&hl=en&sa=X&ved=2ahUKEwJbJkCrzIrvAhUNm1kKHUxsANgQ6AEwAXoECBAQAw#v=onepage&q=Arms%20controllers%20didn't%20end%20the%20

Cold War with the Soviet Union (3B%20democrats%20inside%20Russia%20and%20other%20Soviet%20republics%20did&f=false) said about the Soviet Union, “Arms controllers didn’t end the Cold War with the Soviet Union; democrats inside Russia and other Soviet republics did.” Similarly, the U.S.-Iran cold war will likely be concluded not by American diplomats but by Iranian democrats.

The stability of authoritarian regimes is inherently unpredictable, in part because it is premised on often unmeasurable factors such as the health and psychological stability of individual autocrats, the cohesion and morale of a regime’s security forces, and the unpredictable events that can trigger humiliated societies to reach their tipping point. In August 1978, the CIA assessed with high confidence that Iran was not in a pre-revolutionary state; 3 months later, the Shah’s monarchy crumbled. While today the Islamic Republic’s security forces appear firmly in control, there are far more signs of popular tumult in Iran today than there was in Egypt and Tunisia in December 2010, weeks before their governments were overthrown.

Until now, Washington’s attempts to elicit political change in Tehran have failed. Efforts to empower reformists within the Iranian regime against hard-line rivals have shown little signs of success; reformists lack the will, and hard-liners have all the guns. U.S. attempts to incite uprisings among unarmed, unorganized, and leaderless Iranian civilians against a heavily armed and organized repressive apparatus have also achieved little. The Islamic Republic has repeatedly shown willingness to throttle the internet and murder thousands of its citizens in the dark, as it did most vividly in November 2019 (<https://www.reuters.com/article/us-iran-protests-specialreport/special-report-irans-leader-ordered-crackdown-on-unrest-do-what-ever-it-takes-to-end-it-idUSKBN1YR0QR>). In authoritarian countries, change requires not only popular pressure but also divisions within the elite. When the entirety of a regime and its security apparatus believe that they must either kill or be killed—such as in Syria—they unreservedly embrace option A.

Although the United States lacks the ability to reform or remove the Islamic Republic, it does have the capacity to meaningfully champion Iranian civil rights. Just as President Ronald Reagan’s administration negotiated arms-control agreements with Soviet leaders while also expressing solidarity with freedom-seeking Soviet subjects, nuclear negotiations with Iran should not deter the United States from inhibiting Tehran’s control of the information and communications of its citizens by building a walled-off national (<https://thenetmonitor.org/bulletins/irans-national-information-network-faster-speeds-but-at-what-cost>) internet akin to China’s. The Biden administration should also work with European and Asian allies to ensure a potential resumption of commercial ties with Iran does not simply enrich Revolutionary Guard companies and cronies at the expense of Iranian civil society.

There are valid concerns, both inside Iran and in the region, that a revival of the nuclear deal will entrench the regime. Yet history has more often proved (<https://www.jstor.org/stable/2089714?seq=1>) that political dissent is not usually triggered by crushing poverty, but when a society’s improving economic circumstances lead to elevated expectations that go unfulfilled. For this reason, the near-term economic improvements that might result from the removal of U.S. sanctions are likelier in the medium and long term to destabilize the Islamic Republic rather than ensconce it. The more that Iranians understand that what stands between them and a better future is internal corruption and mismanagement rather than external pressure, the more the country’s most potent ideology—Iranian nationalism—will be harnessed against the regime rather than in service of it.

Iran’s transition from theocracy to democracy will not come easily, peacefully, or soon. But it is the single most important key to transforming the Middle East.

ADDITIONAL POLICY RECOMMENDATIONS

Develop a Policy To Free U.S. Hostages in Iran and Deter Iranian Hostage Taking

My testimony cannot be complete without addressing the issue of Americans wrongfully detained in Iran, some of whom are my close friends. Regardless of one’s position on the JCPOA, these innocent individuals are being held solely because they are U.S. citizens. As such, it must be the moral obligation of our government, and our President, to make every effort to bring these Americans home.

At the same time, it is critical for the United States and our allies and partners—more than a dozen of whose citizens have also been taking hostage by Iran—to deploy policies and actions to disincentivize, deter, and penalize future hostage-taking by the Iranian regime. Thanks to many of you in this room we have a bipartisan approved law that is meant for this purpose. But these deterrence policies must be independent of the efforts to bring back those already taken.

Expose Iran's Financial and Military Support to Regional Allies and Proxies

Among the slogans commonly heard at popular protests in Iran are “Forget about Syria; think about us” and “They are lying that our enemy is America; our enemy is right here.” Popular disapproval of the accumulating costs—in blood and treasure—of America’s conflicts in the Middle East led to meaningful policy decisions, such as the 2021 U.S. withdrawal from Afghanistan. Iran has spent a much greater percentage of its GDP on its nuclear and regional ambitions and proxy wars, yet there is no open debate in Iran about the wisdom and costs of these policies, partly because there is little information in the public domain about these expenditures.

Without revealing sources and methods, the United States should seek to expose the military and financial aid that Tehran offers its regional allies in Syria, Yemen, Iraq, Lebanon, and the Palestinian territories. As Moussa Abu Marzouk, a Hamas official said in a 2021 interview, “Iran is one of the countries that helps Hamas most. The only country that ignores the limits imposed on Hamas is Iran. It helps us militarily in training, weapons, and expertise.”

Declassify U.S. Intelligence About Iranian Malign Iranian Policies

The declassification of intelligence which warned of Vladimir Putin’s intent to attack Ukraine played a critical role in shaping Western public opinion and helping to alert and unify the West against a common threat. Whether it is Iranian attempts to kidnap Iranian dissidents in the United States or Iranian cyberwarfare or disinformation campaigns on social media, sunlight is the best disinfectant.

Revamp Voice of America's Persian News Network

Voice of America’s Persian News Network has the capacity to inform tens of millions of Iranian viewers who have access to satellite television, yet its production and editorial quality have woefully underperformed. The Broadcasting Board of Governors should take a renewed look to determine whether VOA Persian is capable of being revamped, or whether it should be taken outside the confines of Voice of America and transformed into a public-private partnership, like the BBC.

The CHAIRMAN. Thank you.
Mr. Dubowitz.

STATEMENT OF MARK DUBOWITZ, CHIEF EXECUTIVE OFFICER, THE FOUNDATION FOR DEFENSE OF DEMOCRACIES, WASHINGTON, DC

Mr. DUBOWITZ. Great. Thank you, Chairman Menendez and Ranking Member Risch and members of the committee. It is a real honor to testify and also present my recommendations and the recommendations of FDD’s Iran program. It is also a great honor to testify alongside Karim Sadjadpour.

With the talks currently stalled, the Biden administration remains, certainly, committed—you heard from Mr. Malley—to taking America back to an even shorter and weaker version of the JCPOA, and if that deal occurs, the United States is going to pay an enormously high price for short-term nuclear restrictions that last less than a decade.

We estimate that Iran will receive \$275 billion in sanctions relief in the first year, \$800 billion by 2027, and over a trillion dollars by 2031. This is all detailed in my testimony on pages 14 and 17. Perhaps Mr. Malley should present his alternative estimates to the committee if he disputes what we have assessed.

Of course, this is all going to be a goldmine for Iran’s IRGC to fuel its repression, its regional aggression, and global terrorism, and as the committee has noted, the province of the agreement is that it does not put Iran’s program back in a box. In fact, if anything, it is going to leap forward like a jack in the box.

The deal initially increases breakout time from 3 weeks to 4–6 months. The Israeli estimate is closer to 4 months, but Iran’s nu-

clear program is going to expand over time. Breakout time drops, and key restrictions are going to sunset after a few years.

In fact, by 2031, most of the restrictions are gone including the ban on weapons-grade uranium, which is quite remarkable. I want to emphasize that to the committee. By 2031, the ban on Iran producing weapons-grade enriched uranium will be gone.

Now, constraints on advanced centrifuge installation begin disappearing in 2024. Breakout time actually drops to less than a month by 2027 and to near zero after that, and after 2031 under the agreement, Iran's nuclear program can legally expand and harden in multiple sites across the country, and at that point neither the United States nor Israel may have the bombs to destroy these hardened and dispersed facilities.

So the bottom line is in exchange for a trillion-dollar windfall for the regime, the deal only provides 4–6 months of additional breakout time. That expires after 7 years and Iran becomes a much more dangerous and wealthier nuclear threshold state with multiple pathways to nuclear weapons and ICBMs to hold American cities hostage.

As one of the Senators noted, a lot of the U.N. snapback goes away in 2025. The conventional arms embargo is already gone. The missile embargo is gone next year.

President Biden should be commended for refusing to remove the IRGC from the FTO list, but this committee needs to be on guard. Iran has a track record of making outrageous demands in order to trade them for egregious concessions.

The Administration might try to sell Congress that they held the line on the outrageous so that they can accept the egregious, and we should be wary of that negotiating and marketing strategy.

The question also for Congress is how the Administration can contemplate lifting terrorism sanctions on the Central Bank of Iran and the National Iranian Oil and Tanker Companies, all of which finance the IRGC and all of which are contemplated as sanctions relief under a return to the JCPOA.

I also want to emphasize that the Administration and Congress really needs to support American victims of Iranian terrorism in their recovery of over \$50 billion in U.S. court judgments.

Over 1,000 Gold Star family members recently wrote to President Biden asking him to maintain the FTO designation and as well block sanctions relief until Iran settles these judgments.

We have talked about how all of these fatal flaws are compounded by Russia's role—the \$10 billion that Russia is expected to get under a nuclear contract with Iran, the fact that Putin may also hold Iran's fissile material so while he threatens to use nuclear weapons in Ukraine he effectively becomes the guarantor of Iran's nuclear behavior.

The central problem with the current policy is that Khamenei does not believe that the President will use severe sanctions or force, and we have talked about it at this hearing.

Most of Iran's nuclear expansion, including enrichment at 20 percent and 60 percent, occurred after the election of President Biden, who pledged during the election to stop the maximum pressure campaign. You will see in Exhibit A of my testimony a very detailed timeline that demonstrates that.

He also took advantage of the Biden administration's refusal to censure Iran at the IAEA Board of Governors. Hopefully, in June, that will change if Mr. Malley's commitment is followed through.

He also does not fear the Biden administration with respect to the use of military force or any other coercive measures and that is why he is going to do for decades what he has done for the past few decades, which is he is going to escalate the nuclear program as these enrichment restrictions sunset.

He is going to intensify his regional aggression and he is going to immunize the regime against sanctions pressure using this trillion-dollar windfall. He is also going to develop nuclear ICBMs to hold our cities hostage.

There is a plan B. I have 16 specific recommendations in my testimony that cover that, and I look forward to discussing those and other issues with you in the Q&A.

Thank you very much.

[The prepared statement of Mr. Dubowitz follows:]

Prepared Statement of Mr. Mark Dubowitz

CONGRESSIONAL TESTIMONY: FOUNDATION FOR DEFENSE OF DEMOCRACIES

Senate Committee on Foreign Relations

The JCPOA Negotiations and United States' Policy on Iran Moving Forward

MARK DUBOWITZ

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Foundation for Defense of Democracies

Washington, DC
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www.fdd.org

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Introduction

Chairman Menendez, Ranking Member Risch, members of the committee, on behalf of the Foundation for Defense of Democracies, thank you for the opportunity to testify. I am honored to present my analysis and recommendations and those of my colleagues from FDD's Iran team.

After a year of talks in Vienna, the negotiations between the Biden administration and the regime in Iran have stalled over an Iranian demand that Washington remove Tehran's Islamic Revolutionary Guard Corps (IRGC) from the U.S. Foreign Terrorist Organization (FTO) list. If the talks get back on track and an agreement emerges, President Joe Biden will have fulfilled his campaign promise to take America back into a new version of the 2015 nuclear deal — albeit a shorter and weaker version of the already fatally flawed accord negotiated by President Barack Obama's administration and abandoned in 2018 by President Donald Trump. The new deal aims to place Iran's nuclear program “back in the box it was in,” as Secretary of State Antony Blinken put it on March 27.¹

However, if the new accord resembles the July 2015 agreement, formally known as the Joint Comprehensive Plan of Action (JCPOA), it will achieve precisely the opposite result: Iran's nuclear program will leap forward like a jack-in-the-box. The new agreement will create patient pathways to nuclear weapons as key restrictions on Iran's nuclear program sunset and the program reaches a near-zero breakout time — that is, the amount of time needed to produce enough fissile material for a single atomic bomb. Thus, merely by complying with the deal, Iran can receive hundreds of billions of dollars in sanctions relief and achieve a threshold nuclear capability — that is, the point at which it could dash for a bomb without any country capable of stopping it.²

Specifically, according to estimates by FDD's Saeed Ghasseminejad, an expert on the Iranian economy, Tehran will receive a financial package worth up to \$275 billion within a 12-month period.³ Over the next five years, Iran could receive as much as \$800 billion in sanctions relief.

Advocates for the agreement argue that it would increase Iran's breakout time from three weeks — where it is today — to up to six months. (Israeli intelligence estimates that the breakout time will be between four and six months.)⁴ But the breakout time drops precipitously over the duration of the deal as Iran is able to manufacture and install advanced centrifuges. Tehran's breakout time will plummet to near zero by 2029, as even Obama himself has acknowledged. By “year 13, 14, 15” of the JCPOA, Iran will “have advanced centrifuges that can enrich uranium

¹ Matthew Lee, “Blinken reassures allies ahead of possible Iran deal,” *Associated Press*, March 27, 2022. (<https://apnews.com/article/middle-east-iran-israel-antony-blinken-nuclear-weapons-921c10306aa4add89d137a896bfc6e3>)

² Andrea Stricker and Anthony Ruggiero, “Iran Approaches the Nuclear Threshold,” *Foundation for Defense of Democracies*, March 3, 2022. (<https://www.fdd.org/analysis/2022/03/03/iran-approaches-the-nuclear-threshold>)

³ Saeed Ghasseminejad, “How A Revised Nuclear Deal Would Affect Iran's Non-Oil Exports,” *Iran International*, May 14, 2022. (<https://www.iranintl.com/en/202205141986>)

⁴ Barak Ravid, “Israel puts Iran nuclear breakout time at 4–6 months with deal,” *Axios*, February 9, 2022. (<https://www.axios.com/israel-iran-nuclear-breakout-time-vienna-talks-3a6835f7-842a-409b-adc7-cb6abdf20eb5.html>)

fairly rapidly, and at that time the breakout times would have shrunk almost down to zero,” he said in April 2015.⁵ *By 2031, a ban on Iran’s production of weapons-grade uranium will be gone.*

As a result, for an increase in breakout time that lasts only a few years, the United States will pay a high price that will have severe consequences.

As a precondition to concluding the deal, Tehran is demanding the delisting of the IRGC as an FTO. Some 70 terrorist groups are currently on the FTO list, including al-Qaeda, ISIS, and the Iranian proxies Hizballah and Hamas.⁶ There is a reason that Iranian negotiators were so adamant about having this terror designation removed. The designation imposes severe penalties on anyone, including those outside the United States, who provide material support to an FTO, with the scope of criminal and civil liabilities much greater than those imposed by other sanctions, including those already on the IRGC. The FTO designation also makes it much easier for victims of current and future Iranian terrorism, including the thousands of Americans murdered and maimed by the IRGC, to recover the more than \$50 billion currently owed to them due to court judgments.

The IRGC will be the beneficiary of hundreds of billions of dollars in sanctions relief, further financing the IRGC’s regional aggression. Indeed, as U.S. negotiators were offering proposals in Vienna, the IRGC and Iran-backed proxies stepped up their attacks against U.S. partners in the region and against the U.S. regional force presence in Iraq and Syria.⁷ In Iran’s fifth major military operation using ballistic missiles from its own territory, the IRGC in March launched about a dozen ballistic missiles into Iraqi Kurdistan near the U.S. consulate in Erbil, allegedly targeting an Israeli facility.⁸

Elsewhere in the region, the IRGC-backed Houthi terrorists in Yemen — whom the Biden administration removed from the FTO list in February 2021 in the hope that they would deescalate their aggression — replied to Washington’s unilateral delisting by escalating their attacks on civilian population centers in Saudi Arabia and the United Arab Emirates. Earlier this

⁵ “Obama: Iran Will Face Longer ‘Breakout Time,’ Though Not Indefinitely,” *National Public Radio*, August 11, 2015. (<https://www.npr.org/sections/parallels/2015/08/11/431652556/obama-iran-will-face-longer-breakout-time-though-not-indefinitely>)

⁶ U.S. Department of State, Bureau of Counterterrorism, “Foreign Terrorist Organizations,” accessed May 3, 2022. (<https://www.state.gov/foreign-terrorist-organizations>)

⁷ Liz Sly, “Iran’s role in attack on U.S. troops in Syria signals new escalation,” *The Washington Post*, October 26, 2021. (https://www.washingtonpost.com/world/iran-militias-tanf-us-forces/2021/10/26/8c75ad98-35c1-11ec-9662-399cfa75efee_story.html); Idrees Ali and Phil Stewart, “U.S. troops come under fire in Syria after strikes against Iran-backed militias,” *Reuters*, June 28, 2021. (<https://www.reuters.com/world/middle-east/us-says-its-strikes-iran-backed-militia-iraq-syria-were-necessary-2021-06-28/>); Jeff Seldin, “US-Led Coalition Responds to New Round of Attacks in Syria, Iraq,” *Voice of America*, January 25, 2022. (<https://www.voanews.com/a/us-coalition-responds-to-new-round-of-attacks-in-syria-iraq/6384297.html>)

⁸ For an assessment of the strike in relation to Iranian security policy as well as possible Israeli angles, see: Behnam Ben Taleblu, “Strikes on Iraq Reveal Iran’s Embrace of Missile Operations,” *The National Interest*, March 27, 2022. (<https://nationalinterest.org/feature/strikes-iraq-reveal-iran%E2%80%99s-embrace-missile-operations-201431/>); Jonathan Schanzer, “The Covert War Between Israel and Iran Rises to the Surface,” *Mosaic*, March 17, 2022. (<https://mosaicmagazine.com/observation/politics-current-affairs/2022/03/the-covert-war-between-israel-and-iran-rises-to-the-surface>)

year, a Houthi assault employing ballistic missiles — made possible by Iranian material and technical support — attempted to target the United Arab Emirates and a facility used by U.S. servicemembers.

The Iranian strategy in Vienna may succeed: Wield the threat of nuclear and regional escalation to extort hundreds of billions of dollars in sanctions relief and win tacit permission to forge ahead with nuclear weapons research and development.⁹ Russia, a key broker of the agreement, has acknowledged that Iran received unanticipated concessions from the United States. “Iran got much more than it could expect,” said Vladimir Putin’s man in Vienna, Russian negotiator Mikhail Ulyanov, on March 5.¹⁰

This should not be surprising. During the 2020 election, then-candidate Biden promised to abandon his predecessor’s pressure campaign against Iran.¹¹ In response, Tehran massively expanded its nuclear capabilities. Most of the regime’s escalation — including the most dangerous steps of enriching uranium to 20 percent purity and then to 60 percent — occurred after President Biden’s election and the abandonment of his predecessor’s maximum pressure campaign.¹² (See Exhibit A.) The Jewish Institute for National Security of America (JINSA) has documented a measurable 100 percent increase in Iran’s malign acts since President Biden took office compared to the two-year period after President Trump left the JCPOA.¹³

This is worth emphasizing: Iran significantly escalated its nuclear program and regional aggression after President Biden made it clear he would stop applying American pressure on the regime.

Without U.S. pressure, and under the terms of any new deal, Iran will move forward aggressively to a lethal end state. While advocates for the deal argue that it is either this deal or war, the reality is that it will be this deal *and* war. And when that war comes, Iran will be a much more formidable enemy, with an industrial-size nuclear program and with nuclear facilities spread around the country in multiple locations, buried and hardened underground. It will have a near-zero nuclear breakout capability, a clandestine sneak-out capability enabled by advanced

⁹ For an assessment of Iran’s approach to nuclear and regional escalation, see: Behnam Ben Taleblu, “Making sense of Iranian escalation,” *FDD’s Long War Journal*, May 20, 2019. (<https://www.longwarjournal.org/archives/2019/05/making-sense-of-iranian-escalation.php>); Behnam Ben Taleblu “Making sense of Iran’s nuclear moves,” *The Hill*, October 8, 2019. (<https://thehill.com/opinion/international/464601-making-sense-of-irans-nuclear-moves>); Behnam Ben Taleblu and Andrea Stricker, “From ‘Maximum Pressure’ to ‘Minimal Resistance,’” *The Dispatch*, December 8, 2021. (<https://thedispatch.com/p/from-maximum-pressure-to-minimal>)

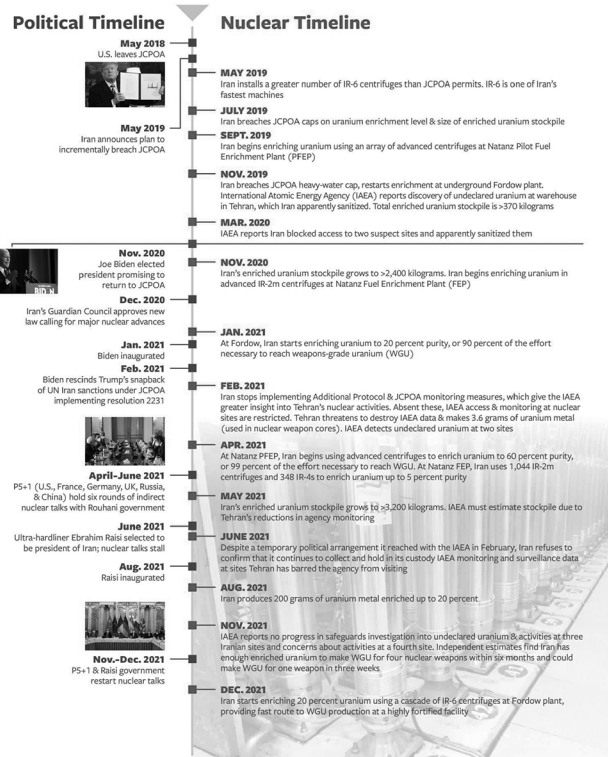
¹⁰ “Iran got much more than it could expect in Vienna talks: Russian negotiator,” *Islamic Republic News Agency* (Iran), March 5, 2022. (<https://en.irna.ir/news/84672291/Iran-got-much-more-than-it-could-expect-in-Vienna-talks-Russian>)

¹¹ Joe Biden, “There’s a smarter way to be tough on Iran,” *CNN*, September 13, 2020. (<https://www.cnn.com/2020/09/13/opinions/smarter-way-to-be-tough-on-iran-joe-biden/index.html>)

¹² Behnam Ben Taleblu and Andrea Stricker, “From ‘Maximum Pressure’ to ‘Minimal Resistance,’” *The Dispatch*, September 8, 2021. (<https://thedispatch.com/p/from-maximum-pressure-to-minimal>)

¹³ @jinsadc, “When considering the full-range of Iran’s projectile strikes, naval harassment, cyber activity, kidnapping, and weapons tests, JINSA’s data shows that Iran’s aggression has increased by 100% since Biden took office, compared to the period after Trump left the JCPOA,” *Twitter*, April 28, 2022. (<https://twitter.com/jinsadc/status/1519672759508418561>); “Iran Projectile Tracker,” *Jewish Institute for National Security of America*, accessed May 3, 2022. (<https://jinsa.org/iran-projectile-tracker>)

Exhibit A



centrifuges, and nuclear warhead-capable intercontinental ballistic missiles (ICBM) holding American cities hostage.

With sanctions relief from the JCPOA, Iran's economy will be increasingly fortified against sanctions, and the regime will have hundreds of billions of dollars to establish a lethal conventional military and an even more dangerous regional posture through well-funded proxies. The new agreement increases prospects for military conflict, since it weakens significant economic and political leverage that Washington could exercise to change Tehran's behavior peacefully.

And it is an open question whether the United States or Israel after 2031, when most of the nuclear restrictions expire, will have the capability to deal with a breakout or sneak-out to the bomb once the Iranian program involves widely dispersed enrichment facilities, buried deep underground, and encased in thick concrete. At that point, American and Israeli weaponry may be unable to inflict sufficient damage, and Tehran will have achieved "threshold nuclear capability."

As Obama himself once argued, "no deal is better than a bad deal."¹⁴ The prospective new deal is a bad deal. It undermines U.S. leadership and deterrence precisely as the Biden administration contends with a war in Ukraine, a rising China, a resumption of long-range missile testing by North Korea, and diminished American credibility following the chaotic withdrawal from Afghanistan.

On April 14, 1984, then-Secretary of State George P. Shultz told an audience at Kansas State University, "Negotiations are a euphemism for capitulation if the shadow of power is not cast across the bargaining table."¹⁵ Unfortunately, in the nuclear talks in Vienna, President Biden has cast a shadow of weakness over the bargaining table. The primary victim will be American national security,¹⁶ the Iranian people, and the people of the Middle East, who will now face an even more lethal and repressive regime in Tehran.

The Fatally Flawed JCPOA: Paving the Pathway to Nuclear Weapons¹⁷

The Biden team has acknowledged that the JCPOA does not stop Iran's progress toward a nuclear arsenal, because key restrictions on the program sunset over time, allowing Iran to build up an industrial-size nuclear capability with multiple pathways to nuclear weapons. And the

¹⁴ President Barack Obama, Office of the Press Secretary, The White House, "Remarks by the President in a Conversation with the Saban Forum," *Remarks to the Brookings Institution's Saban Forum*, December 7, 2013. (<https://obamawhitehouse.archives.gov/the-press-office/2013/12/07/remarks-president-conversation-saban-forum>)

¹⁵ George P. Shultz, "Moral Principles and Strategic Interests: The Worldwide Movement to Democracy," *Lecture at Kansas State University*, April 14, 1986. (<https://www.k-state.edu/landon/speakers/george-shultz/transcript.html>)

¹⁶ Mark Dubowitz and Bradley Bowman, "Biden's Weakness Puts Strong Iran Deal Out of Reach,"

RealClearDefense, February 17, 2022. (https://www.realcleardefense.com/articles/2022/02/17/bidens_weakness_puts_strong_iran_deal_out_of_reach_817318.html)

¹⁷ A modified version of this section previously appeared in an FDD op-ed: Jacob Nagel and Mark Dubowitz,

"Biden Must Learn From the JCPOA's Mistakes," *Newsweek*, February 4, 2022. (<https://www.newsweek.com/biden-must-learn-jcpoas-mistakes-opinion-1675972>)

agreement does not address Tehran's IRGC-backed cruise and ballistic missile programs, evolving drone and cyber capabilities, support for terrorism, or regional aggression.

The Biden administration claims to have a plan to address the JCPOA's gaps: Washington's next step, Secretary Blinken said last year, would be to seek a "longer and stronger agreement" with Iran if Tehran came back into compliance with its nuclear obligations under the JCPOA.¹⁸ This statement is tantamount to an acknowledgment of the deal's flaws. And for the Biden team, many of whom were involved in the JCPOA negotiations, the new agreement would constitute a significant departure from the Obama administration's 2015 claims that the accord permanently "cuts off"¹⁹ or "blocks"²⁰ Tehran's pathways to a nuclear weapon.

The 2015 JCPOA, however, not only kept much of Iran's nuclear program intact, but permitted the program to expand over time as a result of sunsets in the agreement. (See Exhibit B.) The deal enabled Tehran not only to develop a bomb as enrichment restrictions sunset, but also to build industrial-size enrichment capabilities and develop an easier clandestine route to a bomb.²¹ It enabled Iran's immediate work on research and development for advanced centrifuges, which are more powerful and therefore easier to hide because fewer are needed to produce weapons-grade uranium.

In comparison with the permanent restrictions that several UN Security Council resolutions placed on Iran, the Islamic Republic under the JCPOA had more freedom to develop ballistic missiles. Tehran also had more latitude to proliferate and procure conventional weapons, as the UN conventional arms and missile embargoes were scheduled to lapse in five and eight years, respectively. All this in return for the lifting of sanctions to allow hundreds of billions of dollars to flow into the coffers of the mullahs.

Now, seven years later, the conventional arms embargo is already gone;²² the missile embargo will sunset next year; key restrictions on the production of advanced centrifuges begin disappearing in 2024; and all enrichment restrictions, including the ban on weapons-grade uranium enrichment, will be gone by 2031.

¹⁸ "New U.S. secretary of state stands by demand Iran return to nuclear deal before U.S. does," *Reuters*, January 27, 2021. (<https://www.reuters.com/article/us-usa-iran-blinken-idUSKBN29W2XF>)

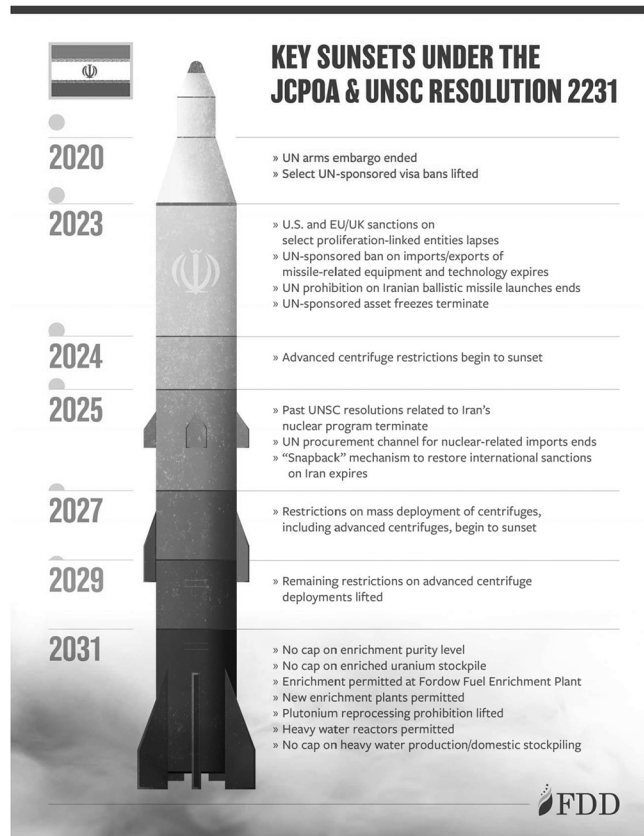
¹⁹ President Barack Obama, The White House, "Remarks by the President on the Iran Nuclear Deal," *Address at American University*, August 5, 2015. (<https://obamawhitehouse.archives.gov/the-press-office/2015/08/05/remarks-president-iran-nuclear-deal>)

²⁰ The White House, "The Historic Deal that Will Prevent Iran from Acquiring a Nuclear Weapon," accessed May 3, 2022. (<https://obamawhitehouse.archives.gov/issues/foreign-policy/iran-deal>)

²¹ Behnam Ben Taleblu and Andrea Stricker, "Key Sunsets Under the JCPOA and UNSC Resolution 2231," *Foundation for Defense of Democracies*, February 4, 2021. (<https://www.fdd.org/analysis/2021/02/19/key-sunsets-under-the-jcpoa-and-unsc-resolution-2231>)

²² For an analysis of how Tehran might exploit the lapse of the arms embargo, see: Behnam Ben Taleblu, "The U.S. Is Right to Push to Extend the U.N. Arms Embargo on Iran," *Newsweek*, June 19, 2020. (<https://www.newsweek.com/us-right-push-extend-un-arms-embargo-iran-opinion-1512028>)

Exhibit B



Let me underscore this point: Under a new deal, in less than nine years, a ban on Iran's production of weapons-grade uranium will be gone. This fact alone should cause each member of this committee to oppose the new agreement.

What is equally concerning is that the 2015 agreement has no mechanism to force the Iranians to renegotiate and reach the “longer and stronger” deal that the Biden administration now acknowledges must come before Tehran is a turn of the screw away from developing nuclear weapons. In 2025, the JCPOA's snapback mechanism, which gives the United States and any other party to the deal the unilateral right to restore UN sanctions on Iran, will expire. Gone will be any multilateral leverage, as China and Russia are unlikely to agree to re-impose sanctions.

Based on his actions to date, President Biden is unwilling to use American power to achieve a longer and stronger deal. Iran's supreme leader, Ayatollah Ali Khamenei, sees the Biden administration's unwillingness to confront his regime as a vulnerability to exploit.²³ This perception of American weakness is what motivated Tehran to ask for the delisting of the IRGC as an FTO, a demand that has nothing to do with nuclear issues, even though the parties had reportedly reached a deal.²⁴

Based on this perception of U.S. weakness, Tehran will do what it has done for decades: Escalate its nuclear program under the deal as restrictions sunset, intensify its aggression using its new financial windfall, and potentially develop ICBMs capable of carrying nuclear payloads that would threaten American and European cities. The supreme leader will back down — as he advised his predecessor, Ayatollah Ruhollah Khomeini, to do during the Iran-Iraq War due to their fear of American intervention — only if presented with no other alternative.²⁵

Iran's Violations of Key Nuclear Commitments

Since the JCPOA's finalization in 2015, Tehran has repeatedly violated its letter and spirit by escalating the regime's nuclear activities and reducing International Atomic Energy Agency (IAEA) monitoring of Iran's nuclear program. Even before the Trump administration's withdrawal from the JCPOA in May 2018, Iran remained in noncompliance not only with the accord, but also with the Non-Proliferation Treaty (NPT), the Comprehensive Safeguards Agreement (CSA), and the Additional Protocol (AP).

JCPOA Violations

The JCPOA's weak verification measures enabled Iran's misconduct. While President Obama repeatedly asserted that Washington could “snap back” sanctions on Iran if the clerical regime

²³ Mardo Soghom, “Iran's Khamenei Quotes US State Department Saying Sanctions Failed,” *Iran International*, January 30, 2022. (<https://www.iranintl.com/en/2022/01/308992>)

²⁴ “Iran urges definite delisting of IRGC; US says many sanctions to remain,” *Press TV* (Iran), March 27, 2022. (<https://www.presstv.ir/Detail/2022/03/27/679226/Iran-IRGC-US>)

²⁵ Behnam Ben Taleblu, “Opinion: Why The Iran-Iraq War Matters For The Success Of Maximum Pressure,” *Radio Farda*, September 20, 2020. (<https://en.radiofarda.com/a/opinion-why-the-iran-iraq-war-matters-for-the-success-of-maximum-pressure/30848279.html>)

violated the JCPOA,²⁶ he failed to note that the deal allowed for an Iranian nuclear snapback as well. In other words, as Supreme Leader Khamenei himself wrote in an October 2015 letter to Iranian President Hassan Rouhani, Tehran could resume its nuclear activities at any time if the United States re-imposed any sanctions — including sanctions unrelated to Tehran’s nuclear program.²⁷ The text of the JCPOA appears to support Khamenei’s position, stating that the United States and the European Union “will refrain from any policy specifically intended to directly and adversely affect the normalisation of trade and economic relations with Iran inconsistent with their commitments not to undermine the successful implementation of this JCPOA.”²⁸

The JCPOA compounds U.S. concessions by effectively permitting incremental violations of the accord. The pact states that a party to the deal could cease implementation of its JCPOA commitments if another party engages in “significant nonperformance” of the agreement.²⁹ Yet the JCPOA fails to define the word “significant,” suggesting that Iran could get away with smaller violations. Between 2015 and 2018, Tehran engaged in minor breaches of the deal, apparently testing the JCPOA’s boundaries. In 2018 and 2019, Iran engaged in strategic restraint, waiting to gauge the impact of President Trump’s May 2018 withdrawal. In 2019 and 2020, Tehran increased violations incrementally.

Since Biden’s election, the regime has committed major violations, including the enrichment of uranium to 20 percent and then 60 percent purity, which is itself technically usable in a nuclear weapon.³⁰ Notably, Iran’s most serious violations occurred only after President Biden’s election. President Biden — like President Obama before him — failed to impose meaningful new sanctions in response or censure Tehran at the IAEA Board of Governors.

IAEA Investigation

These developments come in the wake of a significant concession at the outset of the JCPOA’s finalization in 2015. In order to ensure the deal’s implementation, the Obama administration and the IAEA’s 35-member Board of Governors voted in December 2015 to remove from its agenda the agency’s longstanding investigation of the possible military dimensions (PMD) of Iran’s nuclear program. The board took this step even though Tehran continued to refuse to provide the

²⁶ President Barack Obama, The White House, “Remarks by the President on the Iran Nuclear Deal,” *Address at American University*, August 5, 2015. (<https://obamawhitehouse.archives.gov/the-press-office/2015/08/05/remarks-president-iran-nuclear-deal>)

²⁷ Islamic Republic of Iran Office of the Supreme Leader, “Ayatollah Khamenei: Sanctions Snapback Means JCPOA Violation,” October 21, 2015. (<https://www.leader.ir/en/content/13791/Ayatollah-Khamenei-sends-a-letter-to-President-Hassan-Rouhani-about-the-JCPOA>)

²⁸ Joint Comprehensive Plan of Action, Vienna, July 14, 2015, paragraph 29. (<https://2009-2017.state.gov/documents/organization/245317.pdf>)

²⁹ *Ibid.*, paragraph 36.

³⁰ Behnam Ben Taleblu and Andrea Stricker, “Exploiting America’s Declining Pressure: Iran’s Nuclear Escalation Over Time,” *Foundation for Defense of Democracies*, December 16, 2021. (<https://www.fdd.org/analysis/2021/12/16/exploiting-americas-declining-pressure-irans-nuclear-escalation-over-time>)

IAEA with answers to a series of unresolved questions on the topic.³¹ As a result, to this day, the IAEA cannot credibly state whether Iran has implemented Section T of Annex I of the JCPOA, which imposes constraints on Iranian nuclear weaponization activities.

Further details of Iran's nuclear mendacity emerged when Israel disclosed in 2018 that the Mossad had exfiltrated an archive from a Tehran warehouse documenting Iran's nuclear activities. The archive's files, dating to the late 1990s, filled in many details about Iran's past work on nuclear weapons and showed it was far more extensive than previously known.³² According to arms control experts at Harvard University, the documents suggest that the IAEA Board of Governors halted its 2015 investigation prematurely. As the scholars assert, "the program revealed by the archive was more advanced and substantial than previously known," indicating that Tehran "had made considerable progress on nearly every aspect of developing and manufacturing nuclear weapons."³³ Consequently, the Harvard report continues, the archive's disclosures "reset the factual basis for further interactions with Iran about its nuclear program."³⁴

The nuclear archive shows that Iran may have hidden and camouflaged continued nuclear weapons-related activities, and that there may be numerous unvisited sites, people, and equipment associated with Tehran's nuclear program. In order to provide space for nuclear talks aimed at reviving the JCPOA, the Biden administration has not pushed for censure of Iran by the IAEA Board of Governors.

Tehran's covert nuclear weapons development constitutes an apparent violation of the NPT, CSA, and AP, and the JCPOA fails to address these violations.³⁵ Several IAEA discoveries from the archive exemplify this failure. In 2018, the IAEA sought access to another warehouse in Tehran, allegedly a location where Iran housed nuclear-related equipment and material. Iran attempted to sanitize the site prior to permitting IAEA access. Nevertheless, the IAEA detected traces of man-made uranium particles.³⁶

³¹ David Albright, Andrea Stricker, and Serena Kelleher-Vergantini, "Analysis of the IAEA's Report on the PMD of Iran's Nuclear Program," *Institute for Science and International Security*, December 8, 2015. (https://isis-online.org/uploads/isis-reports/documents/ISIS_Analysis_of_the_IAEA_PMD_Report_December_8_2015_Final.pdf)

³² David Albright with Sarah Burkhard and the Good ISIS team, *Iran's Perilous Pursuit of Nuclear Weapons* (Washington, DC: Institute for Science and International Security Press, 2021).

³³ Aaron Arnold, Matthew Bunn, Caitlin Chase, Steven E. Miller, Rolf Mowatt-Larsen, and William H. Tobey, "The Iran Nuclear Archive: Impressions and Implications," *Belfer Center for Science and International Affairs at the Harvard University Kennedy School of Government*, April 2019, page 7.

(<https://www.belfercenter.org/sites/default/files/files/publication/The%20Iran%20Nuclear%20Archive.pdf>)

³⁴ *Ibid.*, page 13.

³⁵ Tzvi Kahn, "Politics vs. Protocol: Iran's Nuclear Archive and the IAEA's Responsibilities," *Foundation for Defense of Democracies*, August 19, 2019. (<https://www.fdd.org/analysis/2019/08/19/politics-vs-protocol>)

³⁶ "TV: IAEA finds traces of radioactive material at Iran site flagged by Netanyahu," *The Times of Israel* (Israel), July 11, 2019. (<https://www.timesofisrael.com/tv-iaea-finds-traces-of-radioactive-material-at-iran-site-named-by-netanyahu/>); Francois Murphy, "Exclusive: U.N. nuclear watchdog inspects Iran 'warehouse' Netanyahu pointed to – sources," *Reuters*, April 4, 2019. (<https://www.reuters.com/article/us-iran-nuclear-inspection-exclusive/exclusive-u-n-nuclear-watchdog-inspects-iran-warehouse-netanyahu-pointed-to-sources-idUSKCN1RG2B99>); Laurence Norman, "U.N. Watchdog Inspects a Site Flagged as Suspicious by Israelis—but Possibly Too Late," *The Wall Street Journal*, April 4, 2019. (<https://www.wsj.com/articles/u-n-watchdog-inspects-a-site-flagged-as-suspicious-by-israelis-but-possibly-too-late-11554422394>)

In 2019 and 2020, the IAEA sought access to two additional sites, and Iran denied access. Following an IAEA Board of Governors censure in June 2020, Tehran allowed the IAEA to inspect the sites. The agency again detected the presence of man-made uranium. The IAEA also had questions about a fourth site but did not seek access, since Iran had razed the site years ago.

The regime has refused to cooperate with the IAEA or explain the presence of undeclared nuclear material and related activities. In essence, the JCPOA permitted Iran to quietly retain all its past nuclear weapons-related information — and, potentially, to continue key nuclear activities. The deal also did not require Tehran to cooperate with the IAEA or fulfill the commitments of its safeguards agreements.

If the nuclear work described in the archive continues today, Iran may have violated Section T of Annex I of the JCPOA. At the very least, the regime's preservation of the archive is inconsistent with its JCPOA commitment "that under no circumstances will Iran ever seek, develop or acquire any nuclear weapons."³⁷ The archive also contradicts a 2007 U.S. National Intelligence Estimate judging "with high confidence" that Iran "halted its nuclear weapons program" in 2003.³⁸ The archive files suggest Iran's nuclear weapons program continued, albeit in a more circumscribed and diffuse manner.

Ultimately, from 2015 to 2018, the JCPOA enabled the Islamist regime to dictate the terms of the agreement at Washington's expense. By contrast, the Trump administration responded to the regime's intransigence by abandoning the JCPOA and re-imposing U.S. sanctions, effectively weakening the regime, undermining its strategy, and giving Washington the upper hand in prospective negotiations. The Biden administration, however, has reportedly agreed to lift most U.S. sanctions on Iran as part of a weaker version of the old deal.³⁹ In so doing, Biden may erase U.S. leverage at the bargaining table that could have resulted in a better agreement.

The Biden Administration's False Narrative

As FDD's nuclear expert Andrea Stricker has noted,⁴⁰ the Biden administration continues to issue misleading statements about the 2015 deal.⁴¹ For example, State Department Spokesperson Ned Price claimed in February that the JCPOA gave Iran a one-year breakout time.⁴² In reality, as the Institute for Science and International Security assesses that "if Iran were to re-install [its]

³⁷ Joint Comprehensive Plan of Action, Vienna, July 14, 2015, page 2. (<https://2009-2017.state.gov/documents/organization/245317.pdf>)

³⁸ Office of the Director of National Intelligence, National Intelligence Council, "Iran: Nuclear Intentions and Capabilities," November 2007, page 6.

(https://www.dni.gov/files/documents/Newsroom/Reports%20and%20Pubs/2007/1203_release.pdf)

³⁹ Gabriel Noronha, "This Isn't Obama's Iran Deal. It's Much, Much Worse." *Tablet*, March 7, 2022. (<https://www.tabletmag.com/sections/news/articles/this-isnt-obamas-iran-deal-its-much-much-worse>)

⁴⁰ @StrickerNonpro, "Administration spokespeople & those advocating for the #JCPOA often repeat the claim that the deal puts Iran's nuclear program 'in a box.' Let us assess their claims vs. reality," *Twitter*, March 23, 2022. (<https://twitter.com/StrickerNonpro/status/1506730359660056576>)

⁴¹ Ibid.

⁴² State Department Spokesperson Ned Price, U.S. Department of State, "Department Press Briefing – February 2, 2022," *Remarks to the Press*, February 2, 2022. (<https://www.state.gov/briefings/department-press-briefing-february-2-2022>)

advanced IR-2m centrifuges during a breakout,” it would need only “seven months” to produce a nuclear weapon.⁴³

Similarly, in January, Price said that under the JCPOA, Iran is “verifiably and permanently barred from obtaining a nuclear weapon.” The parties to the JCPOA, he claimed, seek to “arrive once again at a formula by which Iran is permanently and verifiably prevented from obtaining a nuclear weapon.”⁴⁴ But the JCPOA’s own provisions contradict this assertion. The JCPOA lifts key prohibitions in the next several years, giving Iran a glide path to unconstrained uranium enrichment, including to weapons-grade. Indeed, this is why Secretary Blinken has acknowledged the need for a “longer and stronger” agreement.⁴⁵

In May 2021, State Department spokesman Price also contended that the JCPOA imposes the “most stringent verification and monitoring regime ever negotiated.”⁴⁶ Yet Iran has refused to grant the IAEA access to key sites or permit it to go to military facilities where the regime may be undertaking activities related to the development of a nuclear weapon.

The New Deal: Empowering and Enriching a Rogue Regime

The new deal is looking to be far worse than the original: The agreement legitimizes all of Iran’s nuclear advances, permits the regime to retain and expand its nuclear and missile capabilities, and enables Tehran to build a deadly conventional military. This “JCPOA-minus” will leave Tehran less than six months from nuclear breakout, with that breakout time dropping sharply in a few years.⁴⁷ Fueling all this will be hundreds of billions of dollars in sanctions relief that will fortify Iran’s economy, strengthen the regime, and allow Tehran to expand support for its terrorist proxies.

As FDD’s Saeed Ghasseminejad notes,⁴⁸ the sanctions-relief package envisioned under the new deal would give Iran immediate access to an estimated \$86.1 billion to \$130.5 billion in foreign

⁴³ David Albright, Houston Wood, and Andrea Stricker, “Breakout Timelines Under the Joint Comprehensive Plan of Action,” *Institute for Science and International Security*, August 18, 2015, page 1. (https://isis-online.org/uploads/isis-reports/documents/Iranian_Breakout_Timelines_and_Issues_18Aug2015_final.pdf)

⁴⁴ State Department Spokesperson Ned Price, U.S. Department of State, “Department Press Briefing – January 12, 2022,” *Remarks to the Press*, January 12, 2022. (<https://www.state.gov/briefings/department-press-briefing-january-12-2022>)

⁴⁵ “New U.S. secretary of state stands by demand Iran return to nuclear deal before U.S. does,” *Reuters*, (<https://www.reuters.com/article/us-usa-iran-blinken/new-u-s-secretary-of-state-stands-by-demand-iran-return-to-nuclear-deal-before-u-s-does-idUSKBN29W2X1F>)

⁴⁶ State Department Spokesperson Ned Price, U.S. Department of State, Ned Price, “Department Press Briefing – May 10, 2021,” *Remarks to the Press*, May 10, 2021. (<https://www.state.gov/briefings/department-press-briefing-may-10-2021>)

⁴⁷ Barak Ravid, “Israel puts Iran nuclear breakout time at 4–6 months with deal,” *Axios*, February 9, 2022. (<https://www.axios.com/israel-iran-nuclear-breakout-time-vienna-talks-3a6835f7-842a-409b-adc7-cb6abdf20eb5.html>)

⁴⁸ Parts of this section previously appeared as FDD policy briefs, cited below.

assets that are currently frozen,⁴⁹ an estimated \$12 billion annually in reduced import costs,⁵⁰ an estimated \$73 billion annually from the removal of oil sanctions, and more than \$50 billion annually in other export earnings.⁵¹

The estimate of frozen foreign assets stems from reports by the Central Bank of Iran (CBI), which finances the IRGC. While the CBI's data warrant some skepticism due to its lack of transparency, the bank reported having \$117 billion in net foreign assets as of December 2021, while the Iranian financial system — that is, the CBI plus all other Iranian financial institutions — had \$166 billion in net foreign assets. The CBI further reported that it had \$161.9 billion in gross foreign assets and \$44.4 billion in foreign liabilities.⁵²

In October 2021, the International Monetary Fund (IMF) estimated that Iran had \$31.4 billion in readily available and controlled external assets. By subtracting that figure from the \$161.9 billion in gross foreign assets, one can estimate that sanctions relief will grant Tehran access to an additional \$130.5 billion in gross foreign assets. Depending on the terms of the CBI's \$44.4 billion in foreign liabilities, some of that \$130.5 billion may be needed to retire those liabilities. However, the remaining \$86.1 billion are not tied to any foreign liability. In other words, the CBI will gain access to at least \$86.1 billion in net foreign assets and potentially as much as \$130.5 billion in gross foreign assets.⁵³

In April 2021, Mohammad Shariatmadari, the regime's labor minister, said sanctions had increased the cost of imports by 20 percent. If that figure held constant for the Persian calendar year 1400 (April 2021 to March 2022), during which the Islamic Republic imported an estimated \$50.8 billion worth of goods and services, then sanctions cost the regime almost \$10 billion in additional import costs that year. Assessments of the increased cost by other Iranian officials and media sources have varied widely, between 8 and 30 percent.⁵⁴

This relief would come as Iran's oil exports to China increase dramatically in violation of U.S. sanctions, with Beijing reducing its purchases of Russian oil as a result of the Ukraine conflict. According to *The Wall Street Journal*, commodities data provider Kpler said Iran's oil exports rose to 870,000 barrels per day during the first three months of 2022, up 30 percent from an

⁴⁹ Saeed Ghasseminejad, "The New Nuclear Deal Would Allow Tehran to Access Up to \$131 Billion of Its Foreign Assets," *Foundation for Defense of Democracies*, March 9, 2022. (<https://www.fdd.org/analysis/2022/03/09/new-nuclear-deal-tehran-131-billion-foreign-assets>)

⁵⁰ Saeed Ghasseminejad, "Tehran to Pocket Billions From Lower Import Costs if Sanctions Are Lifted," *Foundation for Defense of Democracies*, March 24, 2022. (<https://www.fdd.org/analysis/2022/03/24/tehran-to-pocket-billions-if-sanctions-lifted>)

⁵¹ Saeed Ghasseminejad, "Iran Likely to Gain More Than \$70 Billion From the Removal of Oil Sanctions," *Foundation for Defense of Democracies*, April 13, 2022. (<https://www.fdd.org/analysis/2022/04/13/iran-gain-70-billion-removal-of-oil-sanctions>)

⁵² Saeed Ghasseminejad, "The New Nuclear Deal Would Allow Tehran to Access Up to \$131 Billion of Its Foreign Assets," *Foundation for Defense of Democracies*, March 24, 2022. (<https://www.fdd.org/analysis/2022/03/24/tehran-to-pocket-billions-if-sanctions-lifted>)

⁵³ Ibid.

⁵⁴ Saeed Ghasseminejad, "Tehran to Pocket Billions From Lower Import Costs if Sanctions Are Lifted," *Foundation for Defense of Democracies*, March 24, 2022. (<https://www.fdd.org/analysis/2022/03/24/tehran-to-pocket-billions-if-sanctions-lifted>)

average of 668,000 barrels per day in 2021,⁵⁵ and up 77 percent from an average of 385,000 barrels per day under the height of the Trump administration's "maximum pressure" on Iran. Since entering office, the Biden administration has largely failed to enforce U.S. sanctions on Chinese oil imports.⁵⁶

Likewise, over the past year, Iranian non-oil exports increased to \$48 billion from \$35 billion the year before — driven mostly by the inflationary forces that have dominated 2021 and 2022. If the United States lifts sanctions pursuant to a revised nuclear deal, Tehran's non-oil exports could reach \$55 billion to \$60 billion in the first year of the deal.

By increasing Iran's oil and non-oil exports, lowering the cost of imports, and granting Iran renewed access to its foreign currency reserves, a revived JCPOA may provide Tehran with a financial package worth up to \$275 billion within a 12-month period.⁵⁷ Over the next five years, Iran could receive as much as \$800 billion in sanctions relief.

Non-oil sanctions are much more difficult to enforce than oil sanctions, particularly against a country like Iran, which has massive land and sea borders with several countries, many of which are keen to close their eyes to Tehran's sanctions busting activities. But Washington could have successfully enforced the non-oil sanctions if it had decided to allocate the required resources and political capital to pressure neighboring countries and hunt down sanctions busters.

Sanctions relief will fund Tehran's regional aggression against Israel, Saudi Arabia, the United Arab Emirates, Yemen, and Bahrain, all of which face the threat of Iran-backed terrorism as well as Iranian missiles and drones. This massive financial concession of more than \$800 billion over five years also is an insult to the families of American soldiers killed and injured by Iran-backed terrorists. In January, more than 1,000 military veterans and family members of those killed or injured in Iran-backed attacks signed a letter urging President Biden not to give the clerical regime this money, particularly when U.S. victims are owed over \$50 billion in damages for Iranian-sponsored terrorist attacks in Iraq, Afghanistan, Lebanon, and elsewhere.⁵⁸

Tehran's latest proposed budget bill, introduced in December, provides insight into the Islamic Republic's priorities. Under the new financial plan, the IRGC's budget as a whole will receive a 240 percent increase year-over-year.⁵⁹ In particular, the IRGC's Shahid Ebrahimi program, whose stated mission is to "strengthen security infrastructure," a euphemism for the regime's

⁵⁵ Benoit Faucon, "Iran Ramps Up Oil Exports as China Pulls Back on Russian Crude," *The Wall Street Journal*, April 28, 2022. (<https://www.wsj.com/articles/iran-ramps-up-oil-exports-as-china-pulls-back-on-russian-oil-11651142115>)

⁵⁶ Claire Jungman and Daniel Roth, "January 2022 Iran Tanker Tracking," *United Against Nuclear Iran*, February 1, 2022. (<https://www.unitedagainstnucleariran.com/blog/january-2022-iran-tanker-tracking>)

⁵⁷ Saeed Ghasseminejad, "How A Revised Nuclear Deal Would Affect Iran's Non-Oil Exports," *Iran International*, May 14, 2022. (<https://www.iranintl.com/en/202205141986>)

⁵⁸ Dan De Luce, "Veterans, families urge administration not to release billions in frozen funds to Iran until terrorism cases are settled," *NBC News*, January 13, 2022. (<https://www.nbcnews.com/politics/national-security/us-veterans-families-urge-biden-admin-not-release-billions-frozen-fund-rcna12163>)

⁵⁹ Agnes Helou, "Iran more than doubles Revolutionary Guard's budget in FY22 bill," *Defense News*, December 16, 2021. (<https://www.defensenews.com/global/mideast-africa/2021/12/16/iran-more-than-doubles-revolutionary-guards-budget-in-fy22-bill/>); "Raisi signals priorities in draft budget with 240% hike in IRGC funding," *Al-Mashareq*, December 14, 2021. (https://almashareq.com/en_GB/articles/cnmi_am/features/2021/12/14/feature-01)

repression of dissidents, will receive a 386 percent increase in funding compared to last year.⁶⁰ Likewise, Iran's Ministry of Intelligence, which also targets Tehran's opponents, will receive a 29.8 percent increase. As former State Department official Gabriel Noronha points out, that ministry masterminded the attempted kidnapping and rendition of Masih Alinejad, a prominent Iranian journalist and activist, on U.S. soil.⁶¹ These budgetary figures stand in contrast to allocations for the country's genuine needs, such as resolving Iran's water crisis, which receive considerably less funding.⁶²

The new budget marks a continuation of the regime's increased military spending in 2021. According to the Stockholm International Peace Research Institute, "In 2021 Iran's military budget increased for the first time in four years, to \$24.6 billion. Funding for the Islamic Revolutionary Guard Corps continued to grow in 2021—by 14 per cent compared with 2020—and accounted for 34 per cent of Iran's total military spending."⁶³

Lifting the IRGC's Designation as an FTO

Despite news reports that President Biden has refused to agree to Iranian demands to remove the IRGC from Washington's FTO list — a dangerous move that would undermine U.S. interests and empower the world's leading state sponsor of terrorism — the possibility of such removal still exists.

*The IRGC's Record of Terrorism*⁶⁴

Tehran's record of terrorism is a bloody one. As FDD's Richard Goldberg and Saeed Ghasseminejad note, the Department of State, in its latest annual country report on terrorism, describes Iran's wide range of terror-related activities. Hizballah, a designated FTO since 1997, is Iran's "primary terrorist proxy group."⁶⁵ The Islamic Republic also provides support to major Palestinian terrorist groups, including Hamas, Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command. In Iraq, Tehran works through a series of militia

⁶⁰ "Iran's Budget: 'Security and Order' Gets Six Times More Funding than 'Water Resources,'" *Iran Open Data*, March 15, 2022. (<https://iranopendata.org/en/pages/iran-s-budget-security-and-order-gets-six-times-more-funding-than-water-resources>)

⁶¹ @GLNoronha, "(3) The new Iranian budget increases funding to the regime's brutal Ministry of Intelligence (MOIS) by 29.8%. As the Department of Justice has said in public filings, the MOIS was behind the attempted kidnapping & rendition of US citizen @AlinejadMasih from her Brooklyn home." *Twitter*, March 23, 2022. (<https://twitter.com/GLNoronha/status/1506737571480621064>)

⁶² Hannah Somerville, "Budget Ploughs Six Times More Into 'Public Order and Security' Than Water," *IranWire*, March 15, 2022. (<https://iranwire.com/en/economy/71471>)

⁶³ "World military expenditure passes \$2 trillion for first time," *Stockholm International Peace Research Institute*, April 25, 2022. (<https://www.sipri.org/media/press-release/2022/world-military-expenditure-passes-2-trillion-first-time>). See also: Bradley Bowman and Ryan Brobst, "Iran Increases Funding for the Islamic Revolutionary Guard Corps," *Foundation for Defense of Democracies*, April 29, 2022. (<https://www.fdd.org/analysis/2022/04/29/iran-increases-funding-islamic-revolutionary-guard-corps>)

⁶⁴ A modified version of this section previously appeared in an FDD research memo: Richard Goldberg and Saeed Ghasseminejad, "Biden, Congress Should Defend Terrorism Sanctions Imposed on Iran," *Foundation for Defense of Democracies*, January 25, 2021. (<https://www.fdd.org/2021/01/25/biden-congress-should-defend-terrorism-sanctions-imposed-on-iran>)

⁶⁵ U.S. Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2020: Iran," December 16, 2021. (<https://www.state.gov/reports/country-reports-on-terrorism-2020/iran>)

groups, political fronts, and even quasi-social and religious organizations to exert pressure on Washington, influence the Iraqi state, circumvent sanctions, and more.⁶⁶

According to the State Department, Iran uses the Quds Force, the IRGC's foreign operations arm, "to provide support to terrorist organizations, provide cover for associated covert operations, and create instability in the region."⁶⁷ The Quds Force moves weapons to Hizballah through Iraq and Syria⁶⁸ while providing arms and training for Yemen-based terrorist attacks by the Houthis. The 2022 Worldwide Threat Assessment by the Defense Intelligence Agency (DIA) notes that within the past year, Tehran provided the Houthis with the Shahed-136, one of the Islamic Republic's most advanced kamikaze drones, bolstering the terrorist group's long-range strike capabilities.⁶⁹

Iran has plotted attacks against dissidents on European soil, including in Denmark, France, the Netherlands, Belgium, and Albania.⁷⁰ In late April, media outlets reported that a Quds Force operative plotted to assassinate an Israeli national who worked at the Israeli consulate in Istanbul, an American general in Germany, and a French journalist.⁷¹ The specific identities of the targets remain unknown. According to reports, the Israeli Mossad intelligence agency prevented the assassinations.⁷²

Over the years, Iran has sponsored several high-profile terrorist attacks targeting Americans and Jews. According to the U.S. Department of Defense, the IRGC is responsible for the murder of at

⁶⁶ See, for example: Behnam Ben Taleblu, "Countering Iranian Proxies in Iraq," *Testimony Before the House Foreign Affairs Committee Subcommittee on Terrorism, Nonproliferation and Trade*, September 26, 2018. (<https://docs.house.gov/meetings/FA/FA18/20180926/108719/HHRG-115-FA18-Wstate-TalebluB-20180926.pdf>); Nakissa Jahanbani, "Beyond Soleimani: Implications for Iran's Proxy Network in Iraq and Syria," *Combating Terrorism Center*, January 10, 2020. (<https://ctc.usma.edu/beyond-soleimani-implications-irans-proxy-network-iraq-syria>); Behnam Ben Taleblu, "New Leader Takes Helm of Iranian Proxy Forces in Iraq," *Foundation for Defense of Democracies*, February 26, 2020. (<https://www.fdd.org/analysis/2020/02/26/new-leader-takes-helm-of-iranian-proxy-forces-in-iraq>); Mark Dubowitz and Behnam Ben Taleblu, "March 30, 2020 | Policy Brief Treasury Sanctions Quds Force Fronts in Iraq," *Foundation for Defense of Democracies*, March 30, 2020. (<https://www.fdd.org/analysis/2020/03/30/treasury-%C2%A0sanctions-quds-%C2%A0force-fronts-in-iraq-%C2%A0>)

⁶⁷ U.S. Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2020: Iran," December 16, 2021. (<https://www.state.gov/reports/country-reports-on-terrorism-2020/iran>)

⁶⁸ See: David Adesnik and Behnam Ben Taleblu, "Burning Bridge: The Iranian Land Corridor to the Mediterranean," *Foundation for Defense of Democracies*, June 2019. (<https://www.fdd.org/wp-content/uploads/2019/06/fdd-report-burning-bridge.pdf>)

⁶⁹ Lieutenant General Scott Berrier, "Statement for the Record: Worldwide Threat Assessment," *Testimony Before the Senate Armed Services Committee*, April 2022, page 27. (<https://www.armed-services.senate.gov/imo/media/doc/Berrier%20Statement%20to%20ASC.pdf>)

⁷⁰ Toby Dershowitz and Dylan Gresik, "Iranian intelligence plot reaches US soil — and should complicate negotiations," *The Hill*, August 13, 2021. (<https://thehill.com/opinion/international/567715-iranian-intelligence-plot-reaches-us-soil-and-should-complicate>)

⁷¹ Maryam Sinaee, "Exclusive: IRGC Operative Admits To Assassination Plots In Europe," *Iran International*, April 30, 2022. (<https://www.iranintl.com/en/202204301212>)

⁷² Jonathan Lis and Ben Samuels, "Mossad Foils Iranian Plot to Assassinate Israeli Consulate Worker, U.S. General," *Haaretz* (Israel), April 30, 2022. (<https://www.haaretz.com/israel-news/mossad-foils-iranian-plot-to-assassinate-israeli-consulate-worker-u-s-general-1.10771547>)

least 603 U.S. troops in Iraq.⁷³ Other attacks include the bombing of the U.S. embassy and Marine barracks in Beirut (1983), the Israeli embassy in Buenos Aires (1992), a Jewish community center in Buenos Aires (1994), and the Khobar Towers in Saudi Arabia (1996).

One of the masterminds of the 1994 attack, Mohsen Rezaei, is a current vice president of Iran and a former commander-in-chief of the IRGC. A member of the ultra-hardline cabinet of President Ebrahim Raisi, Rezaei will reportedly receive sanctions relief under the new deal.⁷⁴ Nearly 40 percent of Raisi's cabinet is subject to some form of sanctions by the United States, European Union, United Kingdom, United Nations, or Interpol.⁷⁵

Iran also cooperates with al-Qaeda. "Iran has allowed [al-Qaeda] facilitators to operate a core facilitation pipeline through Iran since at least 2009, enabling [al-Qaeda] to move funds and fighters to South Asia and Syria, among other locales," a State Department report assessing Iran's 2020 terrorist record states.⁷⁶ The Treasury Department has previously sanctioned a number of Iranians for this al-Qaeda facilitation.⁷⁷ According to the DIA, the terrorist group's "Iran-based senior leaders oversee its global network and issue guidance" to al-Qaeda affiliates "on media releases and strategy."⁷⁸

In 2011, the IRGC plotted an attack on U.S. soil by planning to assassinate the Saudi ambassador to the United States, Adel al-Jubeir, at a popular restaurant in Washington, DC. Then-Attorney General Eric Holder declared that the plot was "directed and approved by elements of the Iranian government and, specifically, senior members of the Quds Force."⁷⁹ An Iranian agent pleaded guilty to the crime and received a sentence of 25 years in prison.⁸⁰

Iran has also threatened former Secretary of State Mike Pompeo, former Special Representative for Iran Brian Hook, and former National Security Adviser John Bolton.⁸¹ The DIA reports that

⁷³ Kyle Rempfer, "Iran killed more US troops in Iraq than previously known, Pentagon says," *Military Times*, April 4, 2019. (<https://www.militarytimes.com/news/your-military/2019/04/04/iran-killed-more-us-troops-in-iraq-than-previously-known-pentagon-says/>)

⁷⁴ Gabriel Noronha, "This Isn't Obama's Iran Deal. It's Much, Much Worse," *Tablet*, March 7, 2022. (<https://www.tabletmag.com/sections/news/articles/this-isnt-obamas-iran-deal-its-much-much-worse>)

⁷⁵ Behnam Ben Taleblu, "The Sanctioned Cabinet of Ebrahim Raisi," *Foundation for Defense of Democracies*, September 30, 2021. (<https://www.fdd.org/analysis/2021/09/30/the-sanctioned-cabinet-of-ebrahim-raisi>)

⁷⁶ U.S. Department of State, Bureau of Counterterrorism, "Country Reports on Terrorism 2020: Iran," December 16, 2021. (<https://www.state.gov/reports/country-reports-on-terrorism-2020/iran/>)

⁷⁷ U.S. Department of the Treasury, Press Release, "Treasury Designates Three Senior Al-Qaida Members," July 20, 2016. (<https://home.treasury.gov/news/press-releases/j10523>); U.S. Department of the Treasury, Press Release, "Treasury Targets Al Qaida Operatives in Iran," January 16, 2009. (<https://home.treasury.gov/news/press-releases/hp1360>)

⁷⁸ Lieutenant General Scott Berrier, "Statement for the Record: Worldwide Threat Assessment," *Testimony Before the Senate Armed Services Committee*, April 2022, page 36. (<https://www.armed-services.senate.gov/imo/media/doc/Berrier%20Statement%20to%20ASC.pdf>)

⁷⁹ Robert Tait, "Iran Assassination Plot Raises Questions," *Radio Free Europe Radio Liberty*, October 12, 2011. (https://www.rferl.org/a/iran_assassination_plot_raises_questions/24357565.html)

⁸⁰ Mark Dubowitz and Ray Takeyh, "Labeling Iran's Revolutionary Guard," *Foreign Affairs*, March 6, 2017. (<https://www.foreignaffairs.com/articles/iran/2017-03-06/labeling-irans-revolutionary-guard>)

⁸¹ Margaret Brennan, "U.S. intelligence shows Iran threats on U.S. soil, but Blinken and Schiff say this shouldn't derail new nuclear deal," *CBS News*, March 12, 2022. (<https://www.cbsnews.com/news/iran-threats-pompeo-derail-new-nuclear-deal/>)

Iranian officials “probably are planning covert actions against U.S. officials to retaliate” for America’s killing of IRGC Quds Force commander Qassem Soleimani in 2020.⁸² In 2019, the regime also sanctioned and threatened me and FDD. In 2020, Tehran sanctioned FDD’s Richard Goldberg, a former White House official and congressional staffer. In 2022, it sanctioned FDD’s Matthew Pottinger, a former deputy national security advisor, and FDD’s Reuel Marc Gerecht, a former CIA Middle East operations officer.

The IRGC has cooperated with Damascus and Moscow to launch a devastating campaign in Syria, which has featured Syrian use of chemical weapons and led to the deaths of hundreds of thousands of Syrians and the displacement of millions more.

The IRGC also helps run Iran’s nuclear program. As Olli Heinonen, a former deputy director general for safeguards at the IAEA, put it, the “IRGC has played a pivotal role in Iran’s nuclear program,” and the organization “plays that role still today.”⁸³ Mohsen Fakhrizadeh, the founding father of Iran’s nuclear program, previously served as an IRGC officer.⁸⁴ Israel killed him in 2020. Since 2021, the regime has tasked the IRGC with securing Iran’s nuclear facilities and protecting its personnel.⁸⁵

Implications of the IRGC’s Designations as an FTO and as a Specially Designated Global Terrorist (SDGT)

As FDD’s Matthew Zweig explains,⁸⁶ the executive branch employs two primary designations to target terrorist groups: the SDGT and the FTO, both of which President Trump used to designate the IRGC in 2017 and 2019, respectively. Taken together, these two designations pack a powerful one-two punch. Rescinding either one of them would significantly undermine Washington’s ability to combat the IRGC.

Congress formally established the FTO list in 1996, giving the secretary of state the authority to designate as FTOs those whose terroristic activities threaten “the security of United States

nuclear-deal); Tom Rogan, “Iran plotting assassination of John Bolton, others, even while Biden negotiates nuclear deal,” *Washington Examiner*, March 7, 2022. (<https://www.washingtonexaminer.com/restoring-america/courage-strength-optimism/iran-plotting-assassination-of-john-bolton-others-even-while-biden-negotiates-nuclear-deal>)

⁸² Lieutenant General Scott Berrier, “Statement for the Record: Worldwide Threat Assessment,” *Testimony Before the Senate Armed Services Committee*, April 2022, page 24. (<https://www.armed-services.senate.gov/imo/media/doc/Berrier%20Statement%20to%20ASC.pdf>)

⁸³ @OlliHeinonen, “If the US joins the deal, it will be part of the policy. What is in the deal, is not that easy to amend as the history shows. It is also not only about the Quds Force of the IRGC. The IRGC has played a pivotal role in Iran’s nuclear program. And plays that role still today. 1/7,” *Twitter*, April 29, 2022. (<https://twitter.com/OlliHeinonen/status/1520207640126791681>)

⁸⁴ David Albright with Sarah Burkhard and the Good ISIS team, *Iran’s Perilous Pursuit of Nuclear Weapons* (Washington, DC: Institute for Science and International Security Press, 2021), page 18.

⁸⁵ Kitaneh Fitzpatrick, “The IRGC’s recently-acquired responsibility for securing nuclear sites may change the Iran-Israel escalation pattern and intra-regime dynamics,” *American Enterprise Institute’s Critical Threats Project*, July 19, 2021. (<https://www.criticalthreats.org/analysis/The-IRGC%E2%80%99s-recently-acquired-responsibility-for-securing-nuclear-sites-may-change-the-Iran-Israel-escalation-pattern-and-intra-regime-dynamics>)

⁸⁶ Matthew Zweig, “Foreign Terrorist Organization (FTO) Designation and Specially Designated Global Terrorist (SDGT) Designation,” *Foundation for Defense of Democracies*, April 21, 2022. (<https://www.fdd.org/analysis/2022/04/21/foreign-terrorist-organization-fto-designation-and-specially-designated-global-terrorist-sdgt-designation>)

nationals” or the “national defense, foreign relations, or economic interests of the United States.”⁸⁷

In 2001, in the aftermath of 9/11, President George W. Bush issued Executive Order (E.O.) 13224, which created the legal architecture for an SDGT designation, specifically targeting terrorism financiers.⁸⁸ In 2017, while the United States remained a participant in the JCPOA, Congress near-unanimously passed the Countering America’s Adversaries Through Sanctions Act (CAATSA), which directed the Trump administration to designate the IRGC as an SDGT pursuant to E.O. 13224. The statute notes the IRGC’s role as the “arm of the Government of Iran for executing its policy of supporting terrorist and insurgent groups.” CAATSA also mandated sanctions on entities connected to the IRGC. Trump obeyed the congressional mandates.⁸⁹

FDD’s Matthew Zweig explains that while FTO and SDGT designations may seem to overlap, they bear important practical differences. (See Exhibit C.) For example, as the next subsection elaborates, unlike an SDGT designation, an FTO designation makes it easier for terror victims — including Gold Star families — to seek legal action against Iran for civil damages.

An FTO designation also imposes a lower legal threshold for criminal prosecution for providing material support to terrorist organizations. With an SDGT designation, U.S. prosecutors must prove that U.S. persons who provided support to a terrorist organization did so “willfully.”⁹⁰ But with an FTO designation, prosecutors must prove only that the violators should have known that they were supporting a terrorist organization. Entities and individuals must therefore conduct enhanced due diligence measures to remain compliant with U.S. law regarding FTOs.

Furthermore, the FTO designation imposes higher criminal penalties — as opposed to civil penalties — for violators. Anyone who “knowingly” provides material support or resources to an FTO or attempts or conspires to do so could face imprisonment of up to 20 years or — if that support results in the death of any person — life imprisonment.⁹¹ By contrast, an SDGT designation carries a maximum penalty of 20 years in prison and a \$1 million fine for any U.S. person who “willfully” provides material support or resources to an SDGT — a higher standard to prove.

Likewise, the FTO designation allows the U.S. government to prosecute even non-U.S. nationals who commit terrorist acts overseas, whereas the SDGT designation allows for prosecution only

⁸⁷ “Designation of foreign terrorist organizations,” 8 U.S.C. §1189. ([http://uscode.house.gov/view.xhtml?req=\(title:8%20section:1189%20edition:prelim\)%20OR%20\(granuleid:USC-prelim-title8-section1189\)&f=treesort&edition=prelim&num=0&jumpTo=true](http://uscode.house.gov/view.xhtml?req=(title:8%20section:1189%20edition:prelim)%20OR%20(granuleid:USC-prelim-title8-section1189)&f=treesort&edition=prelim&num=0&jumpTo=true))

⁸⁸ Executive Order 13224, “Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism,” September 23, 2001. (<https://www.federalregister.gov/documents/2001/09/25/01-24205/blocking-property-and-prohibiting-transactions-with-persons-who-commit-threaten-to-commit-or-support>)

⁸⁹ Countering America’s Adversaries Through Sanctions Act of 2017, Pub. L. 115-44, 131 Stat. 892, codified as amended at 22 U.S.C. §9404. (<https://www.congress.gov/bills/115th-congress/house-bill/3364>)

⁹⁰ “Global Terrorism Sanctions Designations,” 31 C.F.R. §594. (<https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-594>)

⁹¹ “Designation of foreign terrorist organizations,” 8 U.S.C. §1189. ([http://uscode.house.gov/view.xhtml?req=\(title:8%20section:1189%20edition:prelim\)%20OR%20\(granuleid:USC-prelim-title8-section1189\)&f=treesort&edition=prelim&num=0&jumpTo=true](http://uscode.house.gov/view.xhtml?req=(title:8%20section:1189%20edition:prelim)%20OR%20(granuleid:USC-prelim-title8-section1189)&f=treesort&edition=prelim&num=0&jumpTo=true))

Exhibit C

 Foreign Terrorist Organization (FTO) Designation and Specially Designated Global Terrorist (SDGT) Designation		
Together, the Foreign Terrorist Organization (FTO) and Specially Designated Global Terrorist (SDGT) designations pack a powerful one-two punch . Removing either would weaken Washington's ability to target Iran's Islamic Revolutionary Guard Corps (IRGC).		
Impact	FTO	SDGT
Victims — including Gold Star Families — can sue for civil damages arising from the provision of material support to a terrorist organization	Yes	No
Allows for U.S. government asset freezes/financial sanctions	Yes (for entities in U.S. jurisdiction only)	Yes (to include targeting of any financial institution connected to U.S. financial system)
Bans U.S. visa issuance and admission into the United States	Yes	No
Legal threshold for criminal prosecution for providing material support to a terrorist organization	Conviction requires proof that violators knew they were providing support to an organization engaged in terrorism	Conviction requires proof that a U.S. person "willfully" provided support to a terrorist organization — a <i>higher standard of proof</i>
Extraterritorial application	Yes (explicitly stated; applicable anywhere to anyone)	Yes (not explicitly stated; applicable only to U.S. persons or anyone who causes a U.S. person to violate sanctions against an SDGT)
Criminal penalty for providing material support to a terrorist organization	Up to life in prison	Up to 20 years in prison
Violators subject to civil fines and property forfeitures	Yes	Yes

 For more information and sources, see FDD Visual: Foreign Terrorist Organization Designation and Specially Designated Global Terrorist Designation

of individuals or entities subject to U.S. jurisdiction, wherever located. Moreover, unlike an SDGT designation, an FTO designation bans the designated party from receiving a U.S. visa or otherwise entering the United States.

Thus, an FTO designation brings far greater criminal exposure for a wider range of violators than an SDGT designation, although both carry substantial criminal penalties. Companies that do business or interact in any way with an FTO immediately face increased legal, financial, and reputational risk, pressuring them to rapidly sever those ties. The day after the IRGC's FTO designation in 2019, for example, Instagram blocked the accounts of Qassem Soleimani and

several other senior IRGC leaders. Washington had already designated Soleimani as an SDGT — an individual designation that did not directly influence corporate behavior.

In one important way, however, an SDGT is more powerful than an FTO designation. In 2019 President Trump issued EO 13886,⁹² which amended E.O. 13224 to authorize the application of secondary sanctions on any foreign individuals or entities, including businesses, that allow an SDGTs to use their services. This move further increased the risk associated with providing financial services to terrorists, including by threatening U.S. financial sanctions against any foreign financial institution that engages in such activity.

The FTO and SDGT designations also have broader consequences for the impact of U.S. sanctions policy as a whole. As former Treasury official Matthew Levitt put it, “dropping the FTO designation prematurely could undermine the efficacy of other non-nuclear sanctions.” As such, he continued, “to protect the credibility of U.S. sanctions authorities worldwide, Washington should only provide relief from terrorism-related penalties in response to changes in Iran’s support for terrorism, not as a side benefit of a nuclear deal.”⁹³ Former White House administration officials Victoria Coates and Robert Greenway have advanced a similar argument. If Washington delists the IRGC, they write, U.S. sanctions will “henceforth seem negotiable in nature and not tethered to the behavior they are designed to punish.”⁹⁴

Impact of FTO and SDGT Designations on Civil Suits Against Iran

As FDD’s Richard Goldberg and Matthew Zweig explain,⁹⁵ the IRGC’s removal from the FTO list would have direct implications for the ability of victims of Iranian terrorism to litigate against Tehran in U.S. courts. In 1992, Congress amended the Antiterrorism Act (ATA) of 1990 to allow American victims of international terrorism to file civil suits for their injuries. Thus, the civil litigation risk for companies and individuals working with the IRGC is substantial. Congress has repeatedly acted to facilitate lawsuits against aiders and abettors of terrorism.

If the IRGC continues to kill or injure U.S. citizens in conflict zones such as Iraq and Syria, the IRGC’s FTO designation would make it far more straightforward for the victims or their families to sue not only the IRGC but also anyone who provided material support to the IRGC.

Before the IRGC’s FTO designation, a federal district court dismissed a civil action against a European bank alleged to have criminally conspired with IRGC agents to launder hundreds of billions of dollars through the U.S. financial system. The court held that the connection between

⁹² Executive Order 13886, “Modernizing Sanctions To Combat Terrorism,” September 9, 2019.

(<https://www.federalregister.gov/documents/2019/09/12/2019-19895/modernizing-sanctions-to-combat-terrorism>)

⁹³ Matthew Levitt, “Don’t Drop Iran’s Revolutionary Guards from FTO List,” *Washington Institute for Near East Policy*, March 21, 2022. (<https://www.washingtoninstitute.org/policy-analysis/dont-drop-irans-revolutionary-guards-fto-list>)

⁹⁴ Victoria Coates and Robert Greenway, “We put Iran’s Revolutionary Guard on the terrorist list. Biden must keep it there,” *The Washington Post*, March 23, 2022. (<https://www.washingtonpost.com/opinions/2022/03/23/greenway-coates-iran-revolutionary-guards-terrorist-list/>)

⁹⁵ Matthew Zweig and Richard Goldberg, “Rescinding the IRGC’s Terror Designation Would Harm American Victims of Terrorism,” *Foundation for Defense of Democracies*, May 14, 2021. (<https://www.fdd.org/analysis/2021/05/14/rescinding-the-irgc-terror-designation>)

the bank's conduct and the acts of terrorism was too attenuated to create liability, apparently in part because the IRGC itself lacked an FTO designation at the time of the attacks and was not engaged solely in terrorism. The U.S. Court of Appeals for the Seventh Circuit and the U.S. Supreme Court subsequently affirmed the dismissal.⁹⁶

With the FTO designation, that defense would likely no longer be successful, particularly given the Supreme Court's affirmation of Congress' contention that "foreign organizations that engage in terrorist activity are so tainted by their criminal conduct that any contribution to such an organization facilitates that conduct."⁹⁷ The U.S. government's FTO designation against the IRGC and scrutiny of its economic empire facilitate successful civil actions against banks or other companies that knowingly do business with the IRGC's expansive business network. The FTO designation makes it more difficult for these banks and companies to escape prosecution by relying on a defense of willful blindness to the IRGC's relationship with their business partners.

A recent Supreme Court judgment held that victims suing a foreign government entity under the state-sponsored terrorism exception to the Foreign Sovereign Immunities Act may obtain punitive damages.⁹⁸ While the case involved Sudan rather than Iran, it appears to have set a precedent that victims suing the IRGC directly may obtain retroactive punitive damages from Iran for attacks that occurred prior to the IRGC's FTO designation. Now victims suing under the ATA may be able to use that judgment to attach assets involved in IRGC-connected economic activity. Since the IRGC mainly operates in foreign jurisdictions beyond the reach of U.S. courts, the prime targets of ATA civil actions are foreign companies and banks proven to have knowingly transacted with the IRGC.

International shipping companies and banks, for example, that provide trade finance or otherwise knowingly process financial transactions for the IRGC or its agents may also be subject to potential civil suits in the United States, regardless of where the transactions take place. Transactions with shipping terminals and port authorities controlled by designated IRGC affiliates — such as Iranian port operator Tidewater Middle East Company, which the United States designated as an IRGC-controlled entity in 2011⁹⁹ — could result in exposure to civil liability.

A rescission of the IRGC's FTO designation would have far-reaching detrimental consequences for the ability of U.S. victims of Iranian terrorism to pursue their claims. Currently, there are well over \$50 billion in default judgements against Iran on behalf of U.S. victims of terrorism. Moreover, there are assets in the United States identified as owned by the government of Iran. These assets include 650 5th Avenue in New York City and \$1.67 billion in assets held by the Luxembourg-based bank Clearstream SA. The Biden administration and Congress should do

⁹⁶ "Rubin v. Iran," *Ballotpedia*, accessed May 3, 2022. (https://ballotpedia.org/Rubin_v._Iran); Jonathan Stempel, "Nine banks win dismissal of Iran terrorism financing lawsuit: U.S. judge," *Reuters*, March 29, 2019. (<https://www.reuters.com/article/us-iran-banks-lawsuit-idUSKCN1RA214>)

⁹⁷ "Holder v. Humanitarian Law Project, 561 U.S. 1 (2010)," *Justia*, accessed May 3, 2022. (<https://supreme.justia.com/cases/federal/us/561/1/>)

⁹⁸ *Opati v. Republic of Sudan*, (U.S. Supreme Court, May 18, 2020). (https://www.supremecourt.gov/opinions/19pdf/17-1268_607d.pdf)

⁹⁹ U.S. Department of the Treasury, Press Release, "Fact Sheet: Treasury Sanctions Major Iranian Commercial Entities," June 23, 2011. (<https://home.treasury.gov/news/press-releases/tg1217>)

everything possible to enable victims to execute judgements against these assets — not undermine them.

Sanctions Against the CBI

In addition to the FTO and SDGT designations of the IRGC, the United States designated the Central Bank of Iran in September 2019 as an SDGT under E.O. 13224 for providing “billions of dollars to the Islamic Revolutionary Guards Corps (IRGC), its Qods Force (IRGC-QF) and its terrorist proxy, Hizballah.” The State Department¹⁰⁰ and Treasury Department¹⁰¹ announcements of that designation prominently noted the financial support the bank provides to Hizballah, as documented in intelligence reviewed by the two departments’ career professionals. To undo such sanctions, a future president would have to stipulate affirmatively that the Islamist group no longer engages in terrorism.

As FDD’s Richard Goldberg, Matthew Zweig, and Alireza Nader write,¹⁰² Iranian financial institutions, including the CBI, have played a key role in terrorist activities. The United States has long identified the CBI as the principal Iranian government entity responsible for providing funding to terrorist organizations. In 2006, then-Secretary of State Condoleezza Rice labeled Iran “the central banker of terrorism.”¹⁰³ In 2007, the U.S. Financial Crimes Enforcement Network (FinCEN) issued an advisory on the Iranian financial system, reminding financial institutions about U.S. sanctions applied to Iranian government-owned banks and other entities owing to their links to terrorist activity and proliferation.¹⁰⁴ Subsequent designations by the U.S. Treasury Department noted the role of the CBI in financing terrorism.¹⁰⁵

In November 2011, under the Obama administration, FinCEN published a draft rule designating Iran as a jurisdiction of primary money laundering concern, noting that “Iranian financial institutions, including the Central Bank of Iran ... and other state-controlled entities, willingly engage in deceptive practices to disguise illicit conduct” such as support for proliferation and terrorism.¹⁰⁶ While not binding, banks largely complied with the draft rule.

¹⁰⁰ Secretary of State Michael R. Pompeo, U.S. Department of State, Press Statement, “U.S. Sanctions Iran’s Central Bank, National Development Fund, and Etemad Tejarat Pars,” September 20, 2019. (<https://2017-2021.state.gov/u-s-sanctions-irans-central-bank-national-development-fund-and-etemad-tejarat-pars/index.html>)

¹⁰¹ U.S. Department of the Treasury, Press Release, “Treasury Sanctions Iran’s Central Bank and National Development Fund,” September 20, 2019. (<https://home.treasury.gov/news/featured-stories/treasury-sanctions-irans-central-bank-and-national-development-fund>)

¹⁰² Richard Goldberg, Matthew Zweig, and Alireza Nader, “Biden Administration Should Not Provide Sanctions Relief for Terrorism,” *Foundation for Defense of Democracies*, February 22, 2021. (<https://www.fdd.org/analysis/2021/02/22/biden-should-not-provide-sanctions-relief>)

¹⁰³ “Rice: Iran ‘Central Banker’ For Terror,” *CBS News*, March 16, 2006. (<https://www.cbsnews.com/news/rice-iran-central-banker-for-terror/>)

¹⁰⁴ U.S. Department of the Treasury, Financial Crimes Enforcement Network, Advisory, “Guidance to Financial Institutions on the Increasing Money Laundering Threat Involving Illicit Iranian Activity,” October 1, 2007. (<https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2007-0001>)

¹⁰⁵ U.S. Department of the Treasury, Press Release, “Fact Sheet: Designation of Iranian Entities and Individuals for Proliferation Activities and Support for Terrorism,” October 25, 2007. (<https://home.treasury.gov/news/press-releases/jn044>)

¹⁰⁶ Finding That the Islamic Republic of Iran Is a Jurisdiction of Primary Money Laundering Concern, U.S. Department of the Treasury, Financial Crimes Enforcement Network, 76 Federal Register 72756, November 25,

While Congress is divided on policy toward Iran, there is bipartisan agreement on the use of sanctions against Hizballah, which has ample American blood on its hands and boasts an arsenal of 150,000 rockets trained on Israeli targets, including cities. The Hizballah International Financing Prevention Amendments Act (HIFPAA), which Congress overwhelmingly passed in 2018, mandates the application of sanctions against any agency or instrumentality of a foreign state — such as the CBI — that provides financial support to Hizballah. These sanctions are mandatory, and it is possible that the Biden administration will seek to waive statutory Hizballah sanctions in addition to the delistings and licenses pending before Congress today.

Sanctions Against the National Iranian Oil Company (NIOC) and the National Iranian Tanker Company (NITC)

The new nuclear deal, if it goes ahead, will reportedly lift SDGT designations on the state-run NIOC and its subsidiary NITC.¹⁰⁷ President Obama first sanctioned NIOC in 2012 under E.O. 13662 but lifted the designation in 2016 pursuant to the JCPOA. In 2020, the Trump administration redesignated NIOC for its financial support for the IRGC Quds Force. “In spring 2019 alone,” stated the Treasury Department, “an IRGC-QF-led network employed more than a dozen NITC vessels to transport nearly 10 million barrels of crude oil, mostly destined for the Assad regime. Iran continues to perpetuate the Syrian conflict with these kinds of transactions.”¹⁰⁸

The NIOC and NITC designations are the result of thorough U.S. intelligence, legal, and policy assessments of their records. As Gabriel Noronha writes, NIOC and NITC were

sanctioned under counterterrorism authorities approved by career interagency lawyers, including from the Department of Justice and Department of the Treasury. These sanctions came from a rigorous interagency process that ensured we would not impose them haphazardly; but once such a determination is made, they are not supposed to be lifted until it can be proven the sanctioned entities [no] longer support terrorism.¹⁰⁹

The Biden Administration’s Commitment to Terrorism Sanctions

The IRGC’s bloody record initially led President Biden and his senior officials to pledge that Washington would retain non-nuclear sanctions against Iran even under a new deal. But the administration is poised to break that pledge if the new deal goes through, by lifting scores of terrorism, missile, and human rights designations.

2011. (<https://www.federalregister.gov/documents/2011/11/25/2011-30332/finding-that-the-islamic-republic-of-iran-is-a-jurisdiction-of-primary-money-laundering-concern?msclkid=de6fd4cbab0611ec9a953065b44dbd9>)

¹⁰⁷ Gabriel Noronha, “This Isn’t Obama’s Iran Deal. It’s Much, Much Worse.” *Tablet*, March 7, 2022. (<https://www.tabletmag.com/sections/news/articles/this-isnt-obamas-iran-deal-its-much-much-worse>)

¹⁰⁸ U.S. Dept. of the Treasury, Press Release, “Treasury Sanctions Key Actors in Iran’s Oil Sector for Supporting Islamic Revolutionary Guard Corps-Quds Force,” October 26, 2020. (<https://home.treasury.gov/news/press-releases/sm1165>)

¹⁰⁹ Gabriel Noronha, “This Isn’t Obama’s Iran Deal. It’s Much, Much Worse.” *Tablet*, March 7, 2022. (<https://www.tabletmag.com/sections/news/articles/this-isnt-obamas-iran-deal-its-much-much-worse>)

In a September 2020 op-ed for CNN, then-candidate Biden wrote, “We will continue to use targeted sanctions against Iran’s human rights abuses, its support for terrorism and ballistic missile program.”¹¹⁰ During Secretary Blinken’s confirmation hearing before this committee in January 2021, a senator asked him whether he thought lifting terrorism sanctions would advance U.S. national security interests. “I do not,” Blinken responded, “and I think there is nothing ... inconsistent with making sure that we are doing everything possible, including the toughest possible sanctions, to deal with Iranian support for terrorism.”¹¹¹

During her confirmation hearing before this committee in March 2021, Deputy Secretary of State Wendy Sherman expressed a similar view. “It is a fair statement,” she said, “that we have to keep sanctions on that deal with human rights abuses, state sponsorship of terrorism, arms sales, et cetera.”¹¹² Likewise, during his confirmation hearing the same month, Under Secretary of Defense for Policy Colin Kahl said that Washington “should not be loosening sanctions on terrorism or human rights or anything else that checks back Iran’s destabilizing activities.”¹¹³

If the Biden administration lifts terrorism and human rights sanctions on the regime in Iran, top officials will have broken their commitments to your committee as well as to the Senate Armed Services Committee, and will have undermined peaceful tools of American power to counter the Islamic Republic’s misconduct.

The New Deal’s Nuclear Inspections Regimen

The new deal will not meaningfully constrain Iran’s nuclear activities any more than its predecessor did. These activities continue today. In March, Tehran and the IAEA reached an agreement that would require Iran to explain the presence of uranium particles at three undeclared nuclear sites.¹¹⁴ President Biden’s team agreed to give the IAEA until June to keep trying to get answers regarding the three sites. After that, if past is precedent, the Biden team will likely ignore Iran’s nuclear intransigence and block punitive action by the IAEA Board of Governors.¹¹⁵

After it gets substantial sanctions relief, Iran will have no incentive to cooperate with the IAEA or to fully account for its nuclear weapons work at the three remaining sites (or any other sites or activities subsequently discovered). Tehran would also lack any incentive to be transparent about

¹¹⁰ Joe Biden, “Joe Biden: There’s a smarter way to be tough on Iran,” *CNN*, September 13, 2020.

(<https://www.cnn.com/2020/09/13/opinions/smarter-way-to-be-tough-on-iran-joe-biden/index.html>)

¹¹¹ Anthony Blinken, *Testimony Before the Senate Committee on Foreign Relations*, January 19, 2021.

(<https://www.foreign.senate.gov/hearings/nominations-011921>)

¹¹² Wendy Sherman, *Testimony Before the Senate Committee on Foreign Relations*, March 3, 2021.

(<https://www.foreign.senate.gov/hearings/nominations-030321>)

¹¹³ Colin Kahl, *Testimony Before the Senate Committee on Armed Services*, March 4, 2021. (https://www.armed-services.senate.gov/imo/media/doc/21-08_03-04-2021.pdf). See also: Tzvi Kahn, “Biden and Obama Previously Defended Non-Nuclear Sanctions on Iran,” *Foundation for Defense of Democracies*, April 29, 2021.

(<https://www.fdd.org/analysis/2021/04/29/biden-and-obama-previously-defended-non-nuclear-sanctions-on-iran>)

¹¹⁴ Francois Murphy and Parisa Hafezi, “Iran, IAEA agree timeline to remove obstacle to reviving nuclear deal,” *Reuters*, March 5, 2022. (<https://www.reuters.com/business/energy/iaea-chief-says-nuclear-deal-not-possible-until-iran-resolves-its-issues-with-2022-03-05>)

¹¹⁵ Anthony Ruggiero and Andrea Stricker, “The Good, the Bad, and the Ugly of the IAEA’s New Iran Agreement,” *The Dispatch*, March 11, 2022. (<https://www.fdd.org/analysis/2022/03/11/good-bad-ugly-iaea-new-iran-agreement>)

its past activities. Even if IAEA Director General Rafael Grossi reports to the board that Iran has not cooperated with the safeguards probe, the parties to the JCPOA are unlikely to put the nuclear deal's continued implementation at risk by censuring Iran.¹¹⁶

In this regard, the IAEA seems to be repeating the same mistake it made in December 2015, when the agency dropped its investigation of the PMD of Iran's nuclear program. In so doing, the IAEA left unanswered a series of questions about Iran's atomic program.

The JCPOA and its successor accord therefore do not put Iran's nuclear program "back in the box," as Secretary Blinken claimed.¹¹⁷ Rather, as FDD's Richard Goldberg put it, "If you want to call this a box, it's the first box that's ever been in existence that has no top or side, because Iran gets to keep all of this enrichment capability on hand."¹¹⁸ Under the deal, Iran would keep that capability and would be permitted to further expand it.

Under a new deal, Iran likely will be permitted to store more than 2,000 of its fastest, most advanced centrifuge machines, meaning they would be physically accessible should Tehran renege on its commitments.¹¹⁹ Iran may begin enriching uranium using thousands of models of advanced centrifuges in 2027. Tehran would also be permitted to stockpile an additional 2,400 of its most advanced centrifuges by 2029.¹²⁰

As a result, Iran's breakout time will shorten over the course of a new deal.¹²¹ The Islamic Republic would retain the technical capability to ramp up uranium enrichment at will, meaning there would be no practical restriction preventing Tehran from rapidly breaking out using declared facilities or "sneaking out" to atomic weapons using a few hundred centrifuges moved to clandestine facilities.

In light of this reality, writes former IAEA official Olli Heinonen, "It is essential that the JCPOA, if it is reintroduced, has new provisions to address [Iran's] nuclear weapons activities and that those experiments and capabilities have been verifiably and irreversibly dismantled."¹²²

¹¹⁶ Ibid.

¹¹⁷ Matthew Lee, "Blinken reassures allies ahead of possible Iran deal," *Associated Press*, March 27, 2022. (<https://apnews.com/article/middle-east-iran-israel-antony-blinken-nuclear-weapons-921e10306aa4add89d137a896bfc66c3>)

¹¹⁸ Interview with Richard Goldberg, March 23, 2022.

¹¹⁹ David Albright, Sarah Burkhard, and Spencer Faragasso, "Updated Highlights of Comprehensive Survey of Iran's Advanced Centrifuges," *Institute for Science and International Security*, March 17, 2022. (<https://isis-online.org/isis-reports/detail/updated-highlights-of-comprehensive-survey-of-irans-advanced-centrifuges>)

¹²⁰ "Iran's Long-Term Centrifuge Enrichment Plan: Providing Needed Transparency," *Institute for Science and International Security*, April 25, 2019. (<https://isis-online.org/isis-reports/detail/irans-long-term-centrifuge-enrichment-plan-providing-needed-transparency/8>)

¹²¹ David Albright, Sarah Burkhard, and Spencer Faragasso, "Updated Highlights of Comprehensive Survey of Iran's Advanced Centrifuges," *Institute for Science and International Community*, March 17, 2022. (<https://isis-online.org/isis-reports/detail/updated-highlights-of-comprehensive-survey-of-irans-advanced-centrifuges>)

¹²² @OlliHeinonen, "These activities have taken place at the entities of the IRGC. It is essential that the JCPOA, if it is reintroduced, has new provisions to address the nuclear weapons activities and that those experiments and capabilities have been verifiably and irreversibly dismantled. 5/7," *Twitter*, April 29, 2022. (<https://twitter.com/OlliHeinonen/status/1520207648880214016>)

Iran's Ballistic Missile Program

As FDD's Behnam Ben Taleblu notes,¹²³ the new deal — like the 2015 accord — likely will do nothing to stymie Iran's ballistic missile program, which U.S. intelligence assesses as the largest in the Middle East.¹²⁴ The intelligence community also assesses that ballistic missiles are Tehran's "preferred method of delivering nuclear weapons."¹²⁵ Worse, if not amended, the nuclear deal will lift European Union sanctions by 2023 against a plethora of missile-related defense entities in Iran.¹²⁶ Since the JCPOA's finalization in 2015, the Islamic Republic has conducted more than 100 ballistic missile tests.¹²⁷

Iran uses ballistic missiles to threaten as well as punish its regional adversaries. The regime's ballistic missile program also offers Tehran a potential option to deliver weapons of mass destruction (WMD). In a December 2021 interview, U.S. Central Command Commander Gen. Kenneth McKenzie said Iran's missiles pose a more immediate threat than its nuclear program.¹²⁸ Tehran has spent the past decade growing the lethality of its ballistic missile arsenal — as well as other long-range strike systems such as drones and cruise missiles, which Tehran employed against Saudi oil facilities in 2019.¹²⁹

In addition, Iran is proliferating missile-related military technology to its terrorist proxies and supporting their local production of rockets and other projectiles for use in attacks on U.S. allies and partners.¹³⁰ Iran's proliferation of long-range strike capabilities to its so-called "Axis of Resistance" means that U.S. partners and allies in the region need to be concerned about and offset multi-directional attacks from different Iranian proxies that have the capability to expand

¹²³ Parts of this section previously appeared as an FDD op-ed: Behnam Ben Taleblu, "New Iran Nuclear Deal? Same Old Missile Problems," *The Dispatch*, March 8, 2022. (<https://thedispatch.com/p/new-iran-nuclear-deal-same-old-missile>). See also: Richard Goldberg, Matthew Zweig, Behnam Ben Taleblu, and Saeed Ghasseminejad, "Biden, Congress Should Defend Missile Sanctions Imposed on Iran," *Foundation for Defense of Democracies*, April 27, 2021. (<https://www.fdd.org/analysis/2021/04/27/biden-congress-should-defend-missile-sanctions-imposed-on-iran>)

¹²⁴ U.S. Office of the Director of National Intelligence, "Annual Threat Assessment of the U.S. Intelligence Community," February 2022, page 15. (<https://www.dni.gov/files/ODNI/documents/assessments/ATA-2022-Unclassified-Report.pdf>)

¹²⁵ Director of National Intelligence James R. Clapper, "Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community," *Testimony Before the Senate Armed Services Committee*, February 9, 2016. (https://www.dni.gov/files/documents/SASC_Unclassified_2016_ATA_SFR_FINAL.pdf)

¹²⁶ Behnam Ben Taleblu and Richard Goldberg, "Here's How the U.S. and EU Can Thwart Iranian Missile Programs," *Foreign Policy*, January 30, 2018. (<https://foreignpolicy.com/2018/01/30/heres-how-the-u-s-and-eu-can-thwart-iranian-missile-programs>)

¹²⁷ This figure is based on research for a forthcoming FDD monograph by Behnam Ben Taleblu.

¹²⁸ Robin Wright, "The Looming Threat of a Nuclear Crisis with Iran," *The New Yorker*, January 3, 2022.

(<https://www.newyorker.com/magazine/2022/01/03/the-looming-threat-of-a-nuclear-crisis-with-iran>)

¹²⁹ Erin Cunningham and Rick Noack, "Iran's strategic use of drones and missiles rattles Middle East rivals," *The Washington Post*, September 16, 2019. (https://www.washingtonpost.com/world/irans-strategic-use-of-drones-and-missiles-rattles-middle-east-rivals/2019/09/16/64bb8894-d886-11e9-a1a5-162b8a9c9ca2_story.html)

¹³⁰ See: Behnam Ben Taleblu, "Redefining Iran's Role in its Latest 'Shadow War' Against Israel," *The National Interest*, May 24, 2021. (<https://nationalinterest.org/feature/redefining-iran%E2%80%99s-role-its-latest-%E2%80%99shadow-war%E2%80%99-against-israel-185947>); Behnam Ben Taleblu, "Solid-Propellant Motor Test Proves Iran's Continuing Missile Advancement," *The National Interest*, February 2, 2022. (<https://nationalinterest.org/feature/solid-propellant-motor-test-proves-iran%E2%80%99s-continuing-missile-advancement-200245>)

conflict zones. For example, earlier this year, the Iran-backed Houthi rebels in Yemen targeted the United Arab Emirates with ballistic missiles, cruise missiles, and drones.¹³¹

The more confident Tehran is in its ballistic missile capabilities, the more likely it may be to lower the threshold for their use. For example, in March 2022, Iran fired ballistic missiles at the home of a Kurdish oil magnate near a U.S. diplomatic facility in Erbil — the fifth ballistic missile operation originating from Iranian territory in recent years.¹³²

Tehran also aims to develop ICBMs under the cover of its space program, which the regime regularly employs to test space launch vehicles (SLV). Given that SLVs and ICBMs use similar technologies, an SLV program can inform an ICBM pathway through testing and studies of engines, staging, and more. As the State Department put it in 2019, “Iran’s civilian space launch vehicle program allows it to gain experience with various technologies necessary for development of an ICBM – including staging, ignition of upper-stage engines, and control of a multiple-stage missile throughout flight.”¹³³

The new ultra-hardline government of Ebrahim Raisi appears intent on bolstering Iran’s SLV program and is reinvigorating testing and development. Already, Iran has produced a new and larger solid-propellant motor for its SLVs,¹³⁴ raising concerns about Iranian intentions to expand the range of its ballistic missiles to the point that they could eventually target Europe or potentially even the American homeland.¹³⁵

As FDD’s Saeed Ghasseminejad observes,¹³⁶ Iran’s ballistic missile program is controlled by the IRGC, the dominant force in the country’s economy. To advance the program, the IRGC relies on universities and research institutions as well as key sectors of the Iranian economy, including the metallurgy, mining, chemicals, petrochemicals, energy, construction, automotive, electronic, telecommunication, and computer science sectors. Thus, any U.S. effort to stop the regime’s ballistic missile program will need to rely on robust sanctions against the IRGC. Unfortunately, a new deal likely would instead lift sanctions on the IRGC and IRGC-connected entities.

¹³¹ Natasha Turak, “Drone and missile attacks on the UAE shows its strengths more than vulnerabilities, security analysts say,” *CNBC*, February 11, 2022. (<https://www.cnbc.com/2022/02/11/attacks-on-uae-shows-its-strengths-more-than-vulnerabilities-analysts.html>); “UAE, U.S. intercept Houthi missile attack targeting Abu Dhabi,” *Associated Press*, January 25, 2022. (<https://www.nbcnews.com/news/world/uae-us-intercept-houthi-missile-attack-targeting-abu-dhabi-rcna13260>)

¹³² Behnam Ben Talebli, “Strikes on Iraq Reveal Iran’s Embrace of Missile Operations,” *The National Interest*, March 27, 2022. (<https://nationalinterest.org/feature/strikes-iraq-reveal-iran%E2%80%99s-embrace-missile-operations-201431>)

¹³³ U.S. Department of State, Office of the Spokesperson, Fact Sheet, “New Sanctions Designations on Iran’s Space Program,” September 30, 2019. (<https://2017-2021.state.gov/new-sanctions-designations-on-irans-space-program/index.html>)

¹³⁴ Behnam Ben Talebli, “Solid-Propellant Motor Test Proves Iran’s Continuing Missile Advancement,” *The National Interest*, February 2, 2022. (<https://nationalinterest.org/feature/solid-propellant-motor-test-proves-iran%E2%80%99s-continuing-missile-advancement-200245>)

¹³⁵ Behnam Ben Talebli and Bradley Bowman, “Iran military satellite launch requires US action,” *Al Arabiya* (Saudi Arabia), April 20, 2020. (<https://english.alarabiya.net/views/news/middle-east/2020/04/28/Iran-military-satellite-launch-requires-US-action>)

¹³⁶ Saeed Ghasseminejad, “Iran’s Ballistic Missile Program and Economic Sanctions,” *Foundation for Defense of Democracies*, March 2016. (https://s3.us-east-2.amazonaws.com/defenddemocracy/uploads/documents/Ballistic_Missile_Sanctions.pdf)

Russian Transactions With Iran¹³⁷

In a last-minute ultimatum weeks before what many believed would be the new deal's finalization, Moscow demanded guarantees that U.S. sanctions would not interfere with civil nuclear work envisioned under the 2015 JCPOA. Under this arrangement, the Biden administration would not sanction Iranian entities transacting with key Russian businesses. The deal reportedly would also give Vladimir Putin's regime the right to conduct nuclear work with the Islamic Republic, including a contract to expand Iran's nuclear infrastructure and, as stipulated in the JCPOA, to hold Iran's fissile material on Russian soil, even as Putin engages in nuclear saber rattling amid his war in Ukraine.¹³⁸ Putin would effectively become the guarantor of Iran's nuclear behavior.

While Russia's gambit may seem part of the standard give-and-take of negotiations, Moscow's real motive was likely financial. As Putin and his oligarchs feel the pain of Ukraine sanctions, Russia cannot afford to miss out on a major payday in Iran. Hidden in the JCPOA is tacit permission for Russia to expand Iran's Bushehr nuclear power plant, a project worth some \$10 billion to the Kremlin.

Tehran reportedly owes \$500 million to Russia's state nuclear agency, Rosatom, for past work. Rosatom is the entity Russia tapped to assume operational control of key Ukrainian nuclear power plants. The Biden administration was considering sanctions against Rosatom for its role in the Ukraine conflict. But when Moscow threatened to scuttle the Iran talks in retaliation, the administration quickly backed down.

Russia may also try to use Iran as a financial conduit to evade Ukraine sanctions. A revival of the nuclear deal would remove most U.S. sanctions against hundreds of Iranian banks, companies, and individuals. If sanctioned Russian banks, companies, or individuals trade or transact with newly un-sanctioned Iranian counterparts, the Biden administration could not "re-sanction" the Iranian entities for doing business with Russia — it would be a violation of the JCPOA. Iran's ability to engage in nuclear blackmail under the deal gives Putin a de facto white channel for Russian sanctions-busting through Iranian entities.

Russia's demand reflects its decisive role in the negotiations. The terms of the new Iran agreement were brokered in part by Moscow. Tehran would never assent to a deal without Putin's consent, because the regime knows it will need Russia in the future.¹³⁹

¹³⁷ A modified version of this section appeared in an op-ed: Anthony Ruggiero and Andrea Stricker, "Congress must stop Team Biden from giving Russia a financial lifeline in Iran deal," *New York Post*, March 17, 2022. (<https://nypost.com/2022/03/17/congress-must-stop-biden-from-giving-russia-a-lifeline-with-iran-deal/>)

¹³⁸ Parisa Hafezi, Humeyra Pamuk, and Simon Lewis, "Russia says it has written guarantees on Iran nuclear deal," *Reuters*, March 15, 2022. (<https://www.reuters.com/world/middle-east/russia-says-it-has-written-guarantees-iran-nuclear-deal-2022-03-15/>)

¹³⁹ Mark Dubowitz and Jonathan Schanzer, "Biden throws Putin a nuclear lifeline," *Washington Examiner*, March 17, 2022. (<https://www.washingtonexaminer.com/politics/biden-throws-putin-a-nuclear-lifeline>)

Lifting Sanctions on Iran's Human Rights Abusers

If it moves ahead, the new deal would lift sanctions on a range of Iranian officials responsible for human rights abuses who play no role in Iran's nuclear program.¹⁴⁰ This concession will embolden the regime in Iran to commit further human rights abuses against its own people and enable it to whitewash its history.

As FDD's Orde Kittrie observes,¹⁴¹ lifting sanctions on Iranian human rights abusers and terrorism sponsors would send a dangerous message of impunity to Putin and his henchmen at a time when they are committing war crimes in Ukraine and human rights abuses in Russia. Lifting sanctions on leading Iranian human rights abusers would be contrary to America's values and would abandon the Islamic Republic's many victims, including hundreds of current political prisoners and detainees.¹⁴² It would also weaken deterrence against future abuses in Iran, making it harder for the Iranian people to liberate themselves from the Islamist regime.

Iran saw mass uprisings in 2009, 2018, 2019, and 2020. In November 2019 alone, the regime murdered about 1,500 Iranian protesters, according to Reuters.¹⁴³ As we are reviewing Iran policy at this hearing, Iranian protestors are back on the streets denouncing the regime's economic mismanagement, corruption, and repression. Like other protests over the years, crowds have called for an end to the Islamic Republic.¹⁴⁴

The regime's repression will likely cause even more mass uprisings in the future.¹⁴⁵ If Washington lifts these sanctions, Iranian officials will have even fewer worries about the personal price they might pay for crushing new uprisings.¹⁴⁶

The agreement reportedly will terminate sanctions imposed pursuant to E.O. 13876, which authorizes sanctions against Iran's supreme leader and any Iranian whom he appoints to office.¹⁴⁷ Khamenei was Iran's president from 1981 until 1989 and has been its supreme leader since

¹⁴⁰ Gabriel Noronha, "This Isn't Obama's Iran Deal. It's Much, Much Worse," *Tablet*, March 7, 2022. (<https://www.tabletmag.com/sections/news/articles/this-isnt-obamas-iran-deal-its-much-much-worse>)

¹⁴¹ A modified version of this section originally appeared as an op-ed: Orde F. Kittrie, "Lifting Human Rights Sanctions on Iran Would Be a Mistake," *The National Interest*, March 14, 2022. (<https://nationalinterest.org/feature/lifting-human-rights-sanctions-iran-would-be-mistake-201157>)

¹⁴² U.S. Department of State, "Iran 2020 Human Rights Report," March 30, 2021. (<https://www.state.gov/wp-content/uploads/2021/03/IRAN-2020-HUMAN-RIGHTS-REPORT.pdf>)

¹⁴³ "Special Report: Iran's leader ordered crackdown on unrest – 'Do whatever it takes to end it,'" *Reuters*, December 23, 2019. (<https://www.reuters.com/article/us-iran-protests-specialreport/special-report-irans-leader-ordered-crackdown-on-unrest-do-whatever-it-takes-to-end-it-idUSKBN1YR00R>)

¹⁴⁴ Parisa Hafezi, "Iran's security forces clash with anti-government protesters in several provinces," *Reuters*, May 19, 2022. (<https://www.reuters.com/world/middle-east/irans-security-forces-clash-with-anti-government-protesters-several-provinces-2022-05-19>)

¹⁴⁵ Alireza Nader, "Opinion: Biden Must Prioritize Iran's Human Rights Abuses In Future Talks," *Radio Farda*, December 9, 2020. (<https://en.radiofarda.com/a/biden-must-prioritize-iran-s-human-rights-abuses-in-future-talks/30991850.html>)

¹⁴⁶ Orde F. Kittrie, "Lifting Human Rights Sanctions on Iran Would Be a Mistake," *The National Interest*, March 14, 2022. (<https://nationalinterest.org/feature/lifting-human-rights-sanctions-iran-would-be-mistake-201157>)

¹⁴⁷ Tzvi Kahn, "New Executive Order Authorizes Sanctions on Key Iranian Human Rights Abusers," *Foundation for Defense of Democracies*, June 28, 2019. (<https://www.fdd.org/analysis/2019/06/28/new-executive-order-authorizes-sanctions-on-key-iranian-human-rights-abusers>)

then. As such, he is ultimately responsible for four decades of Iranian human rights abuses and support for terrorism.

A U.S. federal court held Khamenei personally responsible for the deaths of 19 U.S. servicemembers in the bombing of the Khobar Towers in Saudi Arabia.¹⁴⁸ Federal courts have also held Khamenei personally responsible for the deaths of U.S. civilians in three terrorist bombings in Israel — two on public buses and one at an outdoor market in Jerusalem.¹⁴⁹

Under the new deal, the United States reportedly will lift sanctions on Raisi, who played a key role in the 1988 massacre of thousands of Iranian dissidents.¹⁵⁰ He also served as the head of Iran's judiciary between 2019 and 2021, making him complicit in the torture and execution of countless additional dissidents. Despite being a prolific human rights abuser, Raisi is currently sanctioned only under E.O. 13876 and has not been designated pursuant to any U.S. or international human rights sanctions authorities. Rescinding E.O. 13876 or canceling its application to Raisi would make him sanctions-free.¹⁵¹

Washington's experience negotiating with the Soviet Union, which had a much more advanced nuclear program and military than Iran does today, demonstrates that lifting pressure on human rights abusers is not necessary to negotiate and implement verifiable arms control agreements. In fact, past efforts have shown that it is counterproductive.

For example, President Ronald Reagan, while negotiating the Intermediate-Range Nuclear Forces (INF) Treaty, made no concessions on human rights in order to achieve progress on arms control. Instead, Reagan made clear to the Soviets that progress on human rights was key to increasing trust on arms control.

The 'Inherent Guarantee' of Iran's Nuclear Snapback

Among the Biden team's many concessions in Vienna, one of the most concerning would be the recognition of an "inherent guarantee" stipulating that if a future U.S. administration exits the deal (as President Trump did in 2018), the regime in Iran will be allowed to enrich uranium to 20 percent and then to 60 percent — a level with no civilian purpose — and to install thousands of advanced centrifuges.

¹⁴⁸ Orde Kittrie, "Iran Still Owes \$53 Billion in Unpaid U.S. Court Judgments to American Victims of Iranian Terrorism," *Foundation for Defense of Democracies*, May 6, 2016. (<https://www.fdd.org/analysis/2016/05/06/iran-still-owes-53-billion-in-unpaid-u-s-court-judgments-to-american-victims-of-iranian-terrorism>)

¹⁴⁹ Orde F. Kittrie, "Lifting Human Rights Sanctions on Iran Would Be a Mistake," *The National Interest*, March 14, 2022. (<https://nationalinterest.org/feature/lifting-human-rights-sanctions-iran-would-be-mistake-201157>)

¹⁵⁰ Tzvi Kahn, "Iran's Leading Presidential Candidate Has Committed Crimes Against Humanity," *RealClearWorld*, June 26, 2021. (https://www.realclearworld.com/articles/2021/06/16/irans_leading_presidential_candidate_has_committed_crimes_against_humanity_781789.html)

¹⁵¹ Behnam Ben Taleblu, "The Coming Sanctions Battle Over Iran's New President," *The National Interest*, July 4, 2021. (<https://nationalinterest.org/blog/middle-east-watch/coming-sanctions-battle-over-iran%E2%80%99s-new-president-189105>)

The Iranian “inherent guarantee” — a form of nuclear snapback — will be a tool of nuclear blackmail to enable Iranian-Russian commercial and arms trade as well as other Iranian illicit behavior. The Biden administration has undermined its own tools of American power to counter the regime, handcuffing Washington from using its most powerful economic punishments and enabling the clerical regime to improve the warfighting abilities of Iran and its proxies. Congress must be on guard to ensure the new deal, including any side letters to the deal, contain neither this guarantee nor anything like it. Like with the 2015 agreement, the American public may never see the text of these side promises and the extent of President Biden’s concessions.

Iran’s Sanctions Evasion

Iran has a long history of sanctions evasion, both past and present. According to a March 18 report in *The Wall Street Journal*, Tehran “established a clandestine banking and finance system to handle tens of billions of dollars in annual trade banned under U.S.-led sanctions, enabling Iran to endure the U.S. economic siege and giving Tehran leverage in multilateral nuclear talks, according to Western diplomats, intelligence officials, and documents.”¹⁵² FDD scholars have identified and exposed this system, which would remain in place under the new deal, allowing Iran to build economic resilience against future U.S. sanctions.¹⁵³

The Biden administration’s failure to enforce key sanctions against Iran, particularly against the energy sector, facilitated this clandestine sanctions-busting scheme. In 2021, Iran exported an estimated 418 million barrels of oil, 123 million more than the previous year. China imported three quarters of this oil.¹⁵⁴ Thanks to these sales, Iran’s fully accessible foreign currency reserves went from only \$4 billion in 2020 to \$31 billion in 2021.¹⁵⁵ As Gabriel Noronha notes, the IMF projects that these reserves may reach \$42.9 billion by the end of 2022.¹⁵⁶ Tehran also obtained a \$5 billion foreign currency boost from the IMF.¹⁵⁷ Iran’s economy grew by an

¹⁵² Ian Talley, “Clandestine Finance System Helped Iran Withstand Sanctions Crush, Documents Show,” *The Wall Street Journal*, March 18, 2022. (<https://www.wsj.com/articles/clandestine-finance-system-helped-iran-withstand-sanctions-crush-documents-show-11647609741>)

¹⁵³ See: Hollie McKay, “How Iran’s central bank currency system is manipulated to fund regional proxy wars,” *Fox News*, December 24, 2020. (<https://www.foxnews.com/world/how-irans-central-bank-currency-system-manipulated-fund-regional-proxy-wars>)

¹⁵⁴ “Iran Tanker Tracking,” United Against Nuclear Iran, *United Against Nuclear Iran*, accessed May 3, 2022. (<https://www.unitedagainstanucleariran.com/tanker-tracker>); Office of Senator Tom Cotton, Press Release, “Cotton, Colleagues Call on Biden to Enforce Sanctions on Iranian Oil Tankers,” January 28, 2022. (<https://www.cotton.senate.gov/news/press-releases/cotton-colleagues-call-on-biden-to-enforce-sanctions-on-iranian-oil-tankers>)

¹⁵⁵ Adam Kredo, “Iran’s Cash Reserves Soar Under Biden,” *Washington Free Beacon*, November 9, 2021. (<https://freebeacon.com/biden-administration/irans-cash-reserves-soar-under-biden/>)

¹⁵⁶ @GLNoronha, “Update: According to the IMF, Iran’s foreign currency reserves are continuing their massive recovery as Biden refuses to enforce U.S. sanctions on Iran. By the end of this year, their foreign currency reserves are slated to be 10x higher than in 2020.” *Twitter*, May 11, 2022. (<https://twitter.com/GLNoronha/status/15245626759569410>)

¹⁵⁷ @GLNoronha, “Most of the sanctions haven’t been lifted yet as part of the new deal. But they received a \$5B foreign currency boost from the IMF (approved by the US), and over \$10B in new oil sales (plus a lot more trade) because @USTreasury won’t enforce its existing sanctions,” *Twitter*, March 23, 2022. (<https://twitter.com/glnoronha/status/1506754723478741002>)

estimated 3.4 percent to 6.2 percent over the past 12 months,¹⁵⁸ a sharp reversal from its 6.8 percent contraction in 2019.¹⁵⁹

Tehran's sanctions-evasion schemes have infected the entire Iranian financial system. In 2007, FinCEN issued an advisory on the Iranian financial system, reminding companies about U.S. sanctions imposed against Iranian government-owned banks and other entities owing to their links to terrorist activity and proliferation.¹⁶⁰

In November 2011, FinCEN moved to designate Iran as a jurisdiction of primary money laundering concern under Section 311 of the USA PATRIOT Act.¹⁶¹ In effect, FinCEN issued a warning that the threat of illicit finance had permeated every corner of the Iranian economy, so foreign banks that do business in Iran should take special precautions. That advice was not binding, but leading international banks still complied with it.

While the United States remained a participant in the 2015 nuclear deal, the Obama administration hesitated to finalize the FinCEN designation under Section 311, which would have made it binding. As in the case of the CBI, the JCPOA's unintended effect was to protect Iran's illicit financial networks, lest any push for accountability lead Tehran to renounce the nuclear agreement.

In 2019, more than a year after the Trump administration withdrew from the nuclear deal, FinCEN issued a new evidentiary finding and a final rule designating Iran as a jurisdiction of primary money laundering concern and imposing binding restrictions on U.S. banks.¹⁶²

It was not just the United States that had come to this conclusion, but multilateral bodies as well. In 2007, the Financial Action Task Force (FATF) — a 39-member inter-governmental body that establishes international financial standards — first cited Iran as a threat to the international financial system, noting its lack of anti-money laundering and combatting the financing of

¹⁵⁸ @GLNoroña, "NEW DATA: According to Iranian government documents, after U.S. stopped enforcing Iran sanctions, the regime enjoyed between 3.4% and 6.2% economic growth in the past 12 months. How was it spent? On more funding for torture sites, IRGC security, and kidnapping plots," *Twitter*, March 23, 2022. (<https://twitter.com/GLNoroña/status/1506737569018621965>)

¹⁵⁹ World Bank, "GDP growth (annual %) - Iran, Islamic Rep." accessed May 3, 2021. (<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IR&start=2018>)

¹⁶⁰ U.S. Department of the Treasury, Financial Crimes Enforcement Network, Advisory, "Guidance to Financial Institutions on the Increasing Money Laundering Threat Involving Illicit Iranian Activity," October 1, 2007. (<https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2007-g001?msclkid=bbe6d528aafa11eebdcabdd3e658ba>)

¹⁶¹ Finding That the Islamic Republic of Iran Is a Jurisdiction of Primary Money Laundering Concern, U.S. Department of the Treasury, Financial Crimes Enforcement Network, 76 Federal Register 72756, November 25, 2011. (<https://www.federalregister.gov/documents/2011/11/25/2011-30332/finding-that-the-islamic-republic-of-iran-is-a-jurisdiction-of-primary-money-laundering-concern?msclkid=de6fd4cbab0611ec9a953065b44dbd9>)

¹⁶² U.S. Department of the Treasury, Financial Crimes Enforcement Network, Final Rule, "Imposition of Fifth Special Measure against the Islamic Republic of Iran as a Jurisdiction of Primary Money Laundering Concern," October 25, 2019. (<https://www.fincen.gov/news/news-releases/imposition-fifth-special-measure-against-islamic-republic-iran-jurisdiction?msclkid=954f3fc3ab0b11ecae9e4c0ab0924c5b>)

terrorism (AML/CFT) mechanisms.¹⁶³ In 2008, FATF called on its members to conduct enhanced due diligence when transacting with Iranian financial institutions.¹⁶⁴ Finally, in 2009, FATF imposed countermeasures against Iran after it failed to meaningfully address its AML/CFT weaknesses.¹⁶⁵

While Iran never strengthened its AML/CFT mechanisms, the 2015 nuclear deal once again granted it a reprieve. The Obama administration lent its support to an arrangement that would suspend FATF countermeasures against the Islamic Republic for two years, during which time Tehran would complete an “action plan” to bring itself into compliance with FATF standards.¹⁶⁶ Iran never made a good faith effort to address money laundering and terror finance concerns, yet it took until 2020 for FATF members to reach a consensus on re-imposing countermeasures.¹⁶⁷

Iran cannot rehabilitate itself from financial criminal to good financial citizen while keeping in place a massive money laundering architecture. Even the maintenance of the IRGC as an SDGT — despite the designation’s weakness compared with an FTO — highlights the money laundering architecture that remains a threat to the integrity of the international financial system and the international correspondent banking network.

This threat could expand if Washington fails to enforce existing sanctions laws, such as the Comprehensive Iran, Sanctions, Accountability, and Divestment Act of 2010 and the Countering America’s Adversaries Through Sanctions Act of 2017. Russia, for example, could use this Iranian money laundering and sanctions busting architecture for its own efforts to circumvent Western sanctions. Iran will keep this black architecture in place to evade future sanctions.

Policy Recommendations: Confront Iran the Reagan Way¹⁶⁸

In the short term, Tehran must know that it will face severe consequences if it does not agree to a wholly different deal that permanently blocks all pathways to nuclear weapons. This new deal should have no sunsets under which restrictions expire. U.S. negotiators must close the current

¹⁶³ Financial Action Task Force, “FATF Statement on Iran,” October 11, 2007.

(<https://www.fincen.gov/sites/default/files/shared/FATFOct2007.pdf?mcsckid=6fe9fd27ab1a11ecb7db724e4eb0ba57d>)

¹⁶⁴ Financial Action Task Force, “FATF Statement,” February 28, 2008.

(<https://www.fincen.gov/sites/default/files/shared/FATFeb2008.pdf?mcsckid=eb3e53bdab4f11ecb8fa2fd0f4a46479d>)

¹⁶⁵ U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, “Countries Bure/Jurisdictions of Primary Concern – Iran,” 2016. (<https://2009-2017.state.gov/j/inl/rls/nrcrpt/2016/vol2/253407.htm?mcsckid=757d6a34ab5311eca99097673ae44f42>)

¹⁶⁶ Financial Action Task Force, “Public Statement - 24 June 2016,” June 24, 2016. (<https://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2016.html?mcsckid=8dd12520ab5411ecbe145aebbf9ac8a>)

¹⁶⁷ Financial Action Task Force, “High-Risk Jurisdictions subject to a Call for Action – 21 February 2020,” February 21, 2020. (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html?mcsckid=81f84atbab5611ecad9b174d6a2842f3>)

¹⁶⁸ Part of this section originally appeared in two essays: Mark Dubowitz, “Biden Needs an Effective—and Coercive—Iran Strategy,” *Jerusalem Strategic Tribune*, September 2021. (<https://jstribune.com/biden-iran-nuclear-strategy-dubowitz/>); Mark Dubowitz, “Confront Iran the Reagan Way,” *The Wall Street Journal*, July 4, 2017. (<https://www.wsj.com/articles/confront-iran-the-reagan-way-1499197879>). See also: Mike Giglio, “Trump’s New Iran Strategy, Inspired By The Cold War, Calls For ‘Maximum Pressure,’” *Buzzfeed News*, September 25, 2018. (<https://www.buzzfeednews.com/article/mikegiglio/trump-officials-are-reading-a-book-about-the-cold-war-for>)

deal's many gaps relating to inspections, nuclear weaponization, missile development, support for terrorism, and other malign Iranian activities.

Going back in time, the current situation with Iran is reminiscent of President Ronald Reagan's moment in history in confronting the Soviet Union, when he came to believe that coercive measures would work to exploit Moscow's weaknesses and help hasten the Soviet regime's collapse. Similarly, the Biden administration should deploy a comprehensive set of coercive tools to combat the full range of Tehran's malign behavior, including its nuclear advances, regional aggression, human rights abuses, and global terrorist networks.

In the early 1980s, President Reagan seriously upgraded his predecessors' "containment" strategy by pushing policies that tried to roll back Soviet expansionism. The cornerstone of his strategy was the recognition that the Soviet Union was an aggressive and revolutionary yet internally fragile state that Washington could defeat. Reagan's policy was outlined in 1983 in National Security Decision Directive 75 (NSDD-75), a comprehensive strategy that called for the use of all instruments of American overt and covert power. The plan included a massive defense buildup, economic warfare, support for anti-Soviet proxy forces and dissidents, and an all-out offensive against the regime's ideological legitimacy.

The Biden administration — or, by 2025, perhaps a new president — should call for a new version of NSDD-75 and go on offense against the regime in Iran. The administration would be wise to address every aspect of the Iranian menace, not merely the nuclear program, and to leverage all instruments of American power. President Obama's narrow focus on disarmament paralyzed American policy. His engagement with the Islamic Republic as an end in itself suffered from the same mistaken assumptions that American presidents have entertained about Communist China. Those mistaken assumptions about engagement made China wealthy and more powerful but did not moderate China's rulers. The recent election of Raisi, a mass murdering cleric close to the supreme leader, who was elected by the lowest number of voters in Iran's history, should sober up Team Biden to the unmistakable conclusion: The Islamic Republic cannot be reformed.

President Biden also should avoid the arms-control trap that paralyzed Obama's Iran policy. Under Obama's nuclear accord, Tehran does not need to cheat to reach threshold nuclear-weapons capabilities. Merely by waiting for key constraints to sunset, the regime can emerge over the next decade with an industrial-size enrichment program, a near-zero breakout time, and an easier clandestine "sneakout" path to an atomic weapon. Tehran can also acquire long-range, nuclear-armed ballistic missiles, much better conventional weaponry, regional dominance, and a more powerful economy increasingly immunized against Western sanctions.

1. **The Biden administration should halt negotiations with Iran until the regime agrees that the purpose of talks is to achieve a permanent cut-off of all pathways to an Iranian nuclear weapon.**

The United States must stop negotiating from a position of weakness. So long as Washington refuses to wield its robust economic leverage against Iran, enforce existing sanctions, and use or credibly threaten the use of other instruments of American coercion,

the regime will not accept potent constraints on its nuclear program. Moreover, by negotiating without requiring Tehran to halt its plots against current and former U.S. officials, the Biden administration conveys desperation, thereby emboldening the regime to demand more concessions.

In this context, President Biden should replace Special Representative for Iran Robert Malley with an official more willing to negotiate from a position of strength. Malley has publicly condemned the use of pressure on the regime and advocated robust U.S. concessions to Iran that would merely enrich Tehran and embolden the regime to advance its nuclear program, to increase its regional aggression, and to stifle dissent at home. If the Biden administration seeks successful talks, it must use its economic and military leverage to force Iran to make concessions.

2. President Biden should stand firm in his refusal thus far to remove the IRGC from the FTO list.

To date, the Biden administration appears unwilling to delist the IRGC even though this steadfastness may lead Iran to walk away from the table. However, in his eagerness to reach a deal, Biden may be tempted to accommodate Tehran's demands and drop the designation, which provides important leverage against the IRGC. This would be a serious mistake. The IRGC is a terrorist organization through and through. Only when that changes would delisting be appropriate.

3. Congress should codify the IRGC's designation as both an FTO and an SDGT until such time that the executive branch can demonstrate that the IRGC has fully repudiated all terrorist activities and support to terrorist organizations.

As FDD's Matthew Zweig states, given the scope and breadth of its support for terrorism, the IRGC must demonstrate that it has verifiably and completely ended its terrorist activities. As part of this process, Tehran must provide compensation to American victims of the IRGC, including Gold Star families.

Congress has overwhelmingly opposed the delisting of the IRGC as an FTO. On May 5, the U.S. Senate passed — by a vote of 62-33 — a non-binding motion calling for any agreement with Tehran to address “the full range of Iran's destabilizing activities,” including its missile program, terrorism, and sanctions evasion. On the same day, the Senate passed another non-binding motion — by a vote of 86-12 — stating that sanctions on the IRGC as well as the CBI, which funds the IRGC, “are necessary to limit ... cooperation” between Iran and China.¹⁶⁹

FDD's Richard Goldberg notes that President Biden may be considering a compromise: Remove the IRGC in its entirety from the FTO list and replace it with the narrower designation of the IRGC Quds Force — giving a pass to the vast IRGC-controlled

¹⁶⁹ Marc Rod, “62 senators, including 16 Democrats, vote to oppose nuclear-only Iran deal,” *Jewish Insider*, May 4, 2022. (<https://jewishinsider.com/2022/05/62-senators-including-16-democrats-vote-to-oppose-nuclear-only-iran-deal/>)

business empire that subsidizes Quds Force operations. The United States should not distinguish between the IRGC's multiple divisions, all of which — including the Quds Force — receive orders and funding from the broader IRGC leadership. The IRGC as a whole is the actor that controls entire industries and structurally significant companies such as NIOC.¹⁷⁰

Even if President Biden does maintain the FTO designation against the entire IRGC, he owes Congress an explanation as to why he is offering to inject the IRGC — an organization plotting to assassinate current and former U.S. officials — with billions of dollars by lifting terrorism sanctions on the Iranian entities that illicitly fund the IRGC, such as CBI, NIOC, and NITC.¹⁷¹

4. The Biden administration should not rely on Russia to broker a deal with Iran.

By relying on the Kremlin to broker an agreement, the Biden administration strengthens Russian influence in the region and advances Moscow and Tehran's shared goal of weakening U.S. global leadership. President Biden himself said Russia should be treated as a "pariah,"¹⁷² yet he has permitted Moscow to play a pivotal role in the Iran nuclear talks, including by being the guarantor of Iran's nuclear program under the JCPOA and any deal based on it.

5. The United States should insist on strict standards for any future deal with Iran.

At the very least, a new agreement should require intrusive, 24/7 monitoring of Iran's nuclear program, including military sites; obligate Tehran to dismantle the entirety of its uranium enrichment program; impose meaningful enforcement mechanisms; contain no sunset provisions; address ballistic missiles; and halt Iran's regional aggression and domestic repression. Congress should lift such provisions only if Iran halts the malign behavior that necessitated them.

6. Biden must abandon the misguided notion that Iran will negotiate seriously for a "longer and stronger" deal if the shorter, weaker one delivers all or most of what Tehran wants.

Iran will only make concessions to Washington if the regime faces severe consequences for its malign conduct. Tehran would regard any unreciprocated U.S. concessions as a

¹⁷⁰ Office of Congressman Mike Gallagher, Press Release, "Gallagher Leads Letter Demanding Congress Has Role in New Iran Deal," February 16, 2022. (<https://gallagher.house.gov/media/press-releases/gallagher-leads-letter-demanding-congress-has-role-new-iran-deal>)

¹⁷¹ Richard Goldberg, "Foil the Financiers of Iran's Terrorism," *The Wall Street Journal*, May 1, 2022.

(<https://www.wsj.com/articles/foil-the-financiers-of-irans-terrorism-revolutionary-guard-quds-sanctions-congress-deal-11651432838>)

¹⁷² President Joe Biden, The White House, "Remarks by President Biden on Russia's Unprovoked and Unjustified Attack on Ukraine," *Remarks to the Press*, February 24, 2022. (<https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/02/24/remarks-by-president-biden-on-russias-unprovoked-and-unjustified-attack-on-ukraine>)

form of weakness that it could exploit to extract more of them from the Biden administration.

7. The United States should retain the full scope of its terrorism sanctions — particularly those on the CBI, NIOC, and NITC.

The Central Bank of Iran, National Iranian Oil Company, and National Iranian Tanker Company constitute key financiers of the IRGC, thereby cementing the Guard's role as a bulwark of the Iranian economy. For as long as they fund a terrorist organization, the CBI, NIOC, and NITC should remain under terror sanctions.

The Biden administration should insist that any new deal preserve current sanctions on the CBI, NIOC, and NITC. In a recent letter to President Biden, 165 House members said they will “work tirelessly” to oppose the lifting of sanctions against the IRGC and other Iranian entities that support terrorism.¹⁷³

8. Congress should pass legislation that would block a \$10 billion agreement between Iran and Russia's Rosatom to advance civilian nuclear projects. The bill should also revoke any Iran sanctions waiver authorities with respect to Russia and should not allow Iran to send fissile material to Russia.

Given Russia's invasion of Ukraine and war crimes against its neighbors, no deal with Iran should reward Moscow by enriching Rosatom. “Rosatom's projects in Iran are crucial to the company's future financial viability — that's exactly why we should shut them down by disrupting their foreign contracts — especially those with a regime like Iran,” says Gabriel Noronha. “We're doing the opposite. The United States should sanction Rosatom for its involvement in Russia's war on Ukraine, but in classic fashion, we're giving them full sanctions immunity that will stabilize Rosatom's finances.”¹⁷⁴ Unlike the JCPOA, no new deal should send Iranian fissile material to Russia. That would give Putin an instrument of nuclear blackmail he would be sure to leverage.

If and when Congress moves forward with secondary sanctions on Russia, Iran will insist that its banks — even its central bank — be immune from such sanctions. Tehran will claim that any punishment of an Iranian bank for helping Russia evade sanctions would constitute a violation of the nuclear deal. Congress should force the president's hand and ensure future Russian and Iranian secondary sanctions are fully enforced to deny Moscow a sanctions-evasion hub in Iran.

¹⁷³ Office of Congressman Mike Gallagher, Press Release, “Gallagher Leads Letter Demanding Congress Has Role in New Iran Deal,” February 16, 2022. (<https://gallagher.house.gov/media/press-releases/gallagher-leads-letter-demanding-congress-has-role-new-iran-deal>)

¹⁷⁴ Adam Kredo, “New Iran Agreement Would Let Russia Cash in on \$10 Billion Contract To Build Nuclear Sites,” *Washington Free Beacon*, March 16, 2022. (<https://freebeacon.com/national-security/new-iran-agreement-would-let-russia-cash-in-on-10-billion-contract-to-build-nuclear-sites>)

9. The United States must be the global leader in nuclear nonproliferation.

As part of that leadership, the Biden administration should continue to insist on the full removal of Iran's enrichment and plutonium reprocessing program by restoring the pre-2015 JCPOA international standard. The Senate Foreign Relations Committee must address why the United Arab Emirates and South Korea, close American allies, have pledged to forgo uranium enrichment — the so called “gold standard” — while an American enemy that has killed and maimed thousands of Americans retains and has the internationally agreed-upon right to expand its enrichment program. Anything short of the termination of such capabilities would enable Iran to dial up its atomic threat at will and would incentivize other countries in the Middle East and in East Asia to develop their own enrichment capabilities.

10. Washington should punish Iran if the regime continues its refusal to cooperate with the IAEA's investigations of Iran's nuclear weapons program.

The IAEA needs unfettered access to all of Iran's declared and undeclared sites. If Iran denies this access, Washington should encourage the IAEA Board of Governors to pass a resolution formally declaring Tehran to be in noncompliance with the CSA and the NPT. If Tehran continues to stonewall the agency, the Board of Governors should refer Iran to the UN Security Council for countermeasures.

It is pointless to talk about a new JCPOA while Iran violates its fundamental NPT and CSA commitments. By insisting on robust penalties for Tehran's noncompliance, the United States can ultimately begin rebuilding a multilateral economic pressure campaign on Iran with the support of key European and Asian allies.

11. The Biden administration must demand limits on Iran's ballistic missile development as part of any final deal.

The original JCPOA failed to prohibit the development of ballistic missiles, which are the delivery vehicle for nuclear weapons. Instead, UN Security Council resolution 2231, which endorses the JCPOA, contained a non-binding resolution that merely called on Iran to halt its production of missiles until 2023. Tehran has ignored that resolution. Iran fields nuclear-capable missiles capable of striking Israel and Europe. Tehran is also developing technology that it can use to build ICBMs capable of reaching the U.S. homeland.

12. The United States should work toward developing an integrated air-and-missile defense system in the Middle East, bringing together U.S. partners and allies, all with the goal of offsetting, countering, and defeating Iran's growing missile and drone capabilities.

To achieve this objective, the Biden administration needs to repair its relationship with Saudi Arabia and bring the kingdom into the Abraham Accords, creating a broader regional architecture to counter Iran and a framework for greater regional peace and security. Washington should also expedite the production and deployment of any American missile defense systems purchased by American partners in the region that remain on order.

13. Washington should step up efforts to expose, disrupt, and deter Iranian illicit procurement activity around the globe related to military-grade or dual-use equipment, WMD-related technologies, and the means to deliver them.

The advent of the JCPOA in 2015 did not put a stop to illicit Iranian procurement activity through cut-outs and front companies in Europe and Asia. Nor did the COVID-19 global pandemic.¹⁷⁵ Iran has continued to use dubious financial and commercial practices when seeking dual-use, controlled, or military-related technology to expand its domestic military capabilities. Working with U.S. partners to enhance export controls while using sanctions and other economic and legal means to crack down on Tehran's illicit procurement networks can help prevent Iran from acquiring these items.

14. Congress should insist upon its statutory authority to review any nuclear agreement pursuant to the Iran Nuclear Agreement Review Act of 2015 (INARA).

As FDD's Andrea Stricker and Anthony Ruggiero write,¹⁷⁶ INARA requires the president to submit to Congress any agreement with Iran and "all related materials and annexes." The president must submit the agreement for review within five days of its finalization, and Congress then has 90 days to hold hearings on and debate the deal. Finally, INARA ensures a vote on whether to lift sanctions. Since the president can veto a resolution prohibiting him from lifting sanctions, blocking a deal requires a two-thirds majority in both chambers. Thus, bipartisanship is essential.

But even if opponents do not clear the two-thirds threshold, significant opposition sends a clear message to Tehran that the deal may last only as long as President Biden remains in the White House. If the administration prefers an enduring agreement, it should stop relying on a partisan minority and submit a stronger accord to the Senate for ratification as a formal treaty. Ratification by the Senate would necessitate a bipartisan consensus on the merits of an accord and render it far less susceptible to cancellation by the next president.

Supporters of the JCPOA may argue that the Biden administration need not submit the deal to Congress for a vote, since the new agreement merely constitutes a restoration of the 2015 accord, which Congress failed to block. However, media reports on the negotiations indicate that the revived JCPOA includes major new concessions that make the deal considerably weaker than its predecessor. Thus, the revived deal effectively

¹⁷⁵ Benjamin Weinthal, "Post-JCPOA, Iran Revs Up Nuclear, Missile Procurement in Germany," *Foundation for Defense of Democracies*, July 8, 2016. (<https://www.fdd.org/analysis/2016/07/08/post-jcpoa-iran-revs-up-nuclear-missile-procurement-in-germany>); Andrea Stricker and Behnam Ben Talebli, "More Evidence Suggests Iran's Nuclear Shopping Sprees Persist," *Radio Farda*, April 2, 2020. (<https://en.radiofarda.com/a/more-evidence-suggests-iran-s-nuclear-shopping-sprees-persist/30525577.html>); Spencer Faragasso and Sarah Burkhard, "Iranian Illicit Procurement Scheme to Acquire Controlled Spectrometry Systems Busted," *Institute for Science and International Security*, September 16, 2021. (<https://isis-online.org/isis-reports/detail/iranian-illicit-procurement-scheme-to-acquire-controlled-spectrometers>)

¹⁷⁶ Andrea Stricker and Anthony Ruggiero, "Iran Approaches the Nuclear Threshold," *Foundation for Defense of Democracies*, March 3, 2022. (<https://www.fdd.org/analysis/2022/03/03/iran-approaches-the-nuclear-threshold>)

amounts to a new pact. For this reason, President Biden is legally obligated to submit the agreement to Congress.

Moreover, like its predecessor, the new deal may contain confidential side agreements with additional concessions. Pursuant to INARA, lawmakers should insist upon the Biden administration's submission of all side agreements to Congress.

15. The United States should support pro-democracy movements in Iran.

Washington should target the regime's soft underbelly: its massive corruption and human rights abuses, especially against women. Conventional wisdom assumes that Iran has a stable government. In reality, the gap between the ruled and their Islamist overlords is expanding, as demonstrated by Iran's June 2021 presidential election, in which over 50 percent of Iranians voted against the supreme leader's hand-picked winner, Ebrahim Raisi, and another 20 percent spoiled their ballots in protest. Many Iranians no longer believe that Iran's "reformist" camp can change the Islamic Republic from within. After the 2009 uprisings, Khamenei alluded to his regime being "on the edge of a cliff."¹⁷⁷ President Biden or his successor should create the distinct impression that America will help to push it over that edge.

To achieve this goal, the president should repeatedly challenge the Islamic Republic's legitimacy, highlight the plight of innocent Iranian persecuted by the regime, and sanction human rights abusers and corrupt Iranian officials. The president should also make clear that Washington will accept nothing short of a free and democratic Iran.

16. Supply Israel with bombs capable of destroying Iran's nuclear facilities.

Key Iranian nuclear facilities reside deep underground, shielding them from conventional strikes by the Israeli air force. Yet Washington has the weaponry that could likely penetrate and destroy these facilities. Giving Israel this weaponry would strengthen U.S. and Israeli deterrence and make potential U.S. and Israeli threats of military action more credible. As FDD's Bradley Bowman and Enia Krivine write, the Biden administration should also expedite its delivery of advanced aerial refueling fleets to Israel and immediately begin training Israeli pilots to use them.¹⁷⁸

Thank you for the opportunity to testify today. I look forward to your questions.

¹⁷⁷ "Iran's leader: why don't those who claimed cheating in elections apologize," *BBC Persian* (UK), June 28, 2013. (http://www.bbc.com/persian/iran/2013/07/130728_101_khamenei.shtml)

¹⁷⁸ See: Bradley Bowman and Enia Krivine, "Israel has a KC-46 problem. Here's the solution." *Defense News*, April 21, 2022. (<https://www.defensenews.com/opinion/commentary/2022/04/21/israel-has-a-kc-46-problem-heres-the-solution/>)

About FDD

FDD is a Washington, DC-based, nonpartisan research institute focused on national security and foreign policy. For more than 20 years, FDD experts have conducted in-depth research, produced accurate and timely analyses, exposed illicit activities, and provided policy options — all with the aim of strengthening U.S. national security and countering threats posed by adversaries of the United States and other free nations. FDD has advised the Bush, Obama, Trump, and Biden administrations and congressional offices on a bipartisan basis. FDD does not accept donations from any foreign governments.

The CHAIRMAN. Thank you both for your testimony. Let me just start.

Mr. Sadjadpour, you made an interesting comment—I have made this myself, but I would like you to expound upon it—about the Iranian people and Iranian opposition. It seems to me that we have lost the mark.

We certainly lost it during the Green Revolution. We lost that opportunity. What do you think we should be doing more decisively as it relates to Iranian opposition and the Iranian people?

Mr. SADJADPOUR. Thank you for that question, Mr. Chairman.

I am reminded of Henry Kissinger's quote that there are few nations in the world with whom the United States has more common interests and less reason to quarrel than Iran, but Iran has to decide whether it is a nation or a cause, and this regime has chosen to be a revolutionary cause rather than a nation state and, really, as I said, the best ally we have in Iran against the regime are the people.

I think that the reality—when you look at the collapse of authoritarian regimes, there are two key ingredients. You obviously need pressure from below, but you also need divisions at the top, and we have seen lots of pressure from below in Iran, but the current reality is that we have a regime which is highly armed, highly organized, and ready to kill en masse to preserve their power, and we have a society which is, at the moment, unorganized, unarmed, and not willing to die to take power.

I think we, the United States, we—as I said in my testimony, we do not have the power to engineer regime change in Iran, but we can significantly try to inhibit the Iranian regime's ability to control communications, to control information.

A concrete tool we have at our disposal, which, in my view, we have not been using wisely, is the Voice of America's Persian news network. It has the capacity to reach, perhaps, more than 40 million Iranians who have satellite television and it needs to be totally overhauled.

So I think I would take, Senator, the playbook that we employed during the Reagan administration vis-à-vis the Soviet Union and the Eastern Bloc. We did not shy away—while we were negotiating arms control deals with the Soviet Union, we did not shy away from expressing solidarity with Russian dissidents.

We did everything in our power to fight that information war and we made it clear that our loyalty—as President Biden once said in a hearing in this chamber many years ago vis-à-vis South Africa, America's loyalties are not to the Government of Iran. It is to the people of Iran—

The CHAIRMAN. I agree.

Mr. SADJADPOUR. —and to simply express that solidarity.

The CHAIRMAN. I agree. Let me ask you this. What is your best analysis of Iranian decision-making today with respect to negotiations and its nuclear program?

Mr. SADJADPOUR. I think the current calculations of Iran's leaders are that the United States is committed to reviving the JCPOA and, at the moment, I have not seen from Iran's leadership a sense of urgency that if they do not act, the JCPOA will be removed from the table.

I think the problem is, at the moment, they feel that they can get the JCPOA whenever they want to and they are simply now trying to extract as many concessions as possible.

The CHAIRMAN. Let me ask you both this question. What is your view about whether a nuclear deal, such as the one that has been described here by Mr. Malley, can thwart Iran's long-running nuclear ambitions?

Mr. DUBOWITZ. Chairman Menendez, I opposed the JCPOA in 2015. Like you, I opposed President Trump's withdrawal from the JCPOA.

I think now, in 2022, you have got to look at Iran's strategy here. Their strategy is to play this out until 2031, at which point they can develop an industrial-sized nuclear program with near zero nuclear breakout—an advanced centrifuge-powered easier clandestine sneak out.

They will have a trillion dollars in sanctions relief that will immunize their economy. They will have the potential for ICBMs, greater regional aggression. It is at that point in 2031 where they know that they can then break out to multiple nuclear weapons without any country being able to stop them, which is the definition of what a nuclear threshold state is.

So the current JCPOA actually provides patient pathways to nuclear weapons as opposed to actually permanently cutting off those pathways.

I think you are exactly right. Secretary Blinken committed to a longer and stronger deal, which would permanently cut off those pathways. I think that is something that I would support.

To get there, you need coercive diplomacy. You need diplomacy, as one of the senators said, but diplomacy needs to be backed up with leverage and we need to have a credible threat of military force.

We need to have economic pressure. We need to support our allies. We need to ensure that there is regional pushback, and I think as Karim made very clear, the Reagan strategy against the Soviet Union has many interesting lessons for how we can counter this regime.

The CHAIRMAN. Thank you.

Senator Risch.

Senator RISCH. Thank you, Mr. Chair.

Mr. Dubowitz, could you comment briefly on your estimates of the sanctions relief that is contemplated compared to what Mr. Malley and that side is? If you would just, in a very summary fashion, describe that, generally.

Mr. DUBOWITZ. Yes. So the sanctions relief, for example, in the first year, the \$275 billion is comprised of about \$134 billion in frozen Iranian assets that they would get access to, and then it is a combination of an increase in oil exports, an increase in nonoil exports, and a decrease in import costs, which add up to about \$275 billion, \$800 billion within 5 years, a trillion dollars by 2031.

I am, certainly, very interested to see Mr. Malley's estimates and the estimates of the Administration with respect to sanctions relief.

My colleague, Saeed Ghasseminejad, who is an expert in Iran's economy, a Ph.D. in corporate finance, has done detailed calculations and modeling and analysis to arrive at our number. I am cer-

tainly interested in the Administration's number to see why Mr. Malley does not agree.

Senator RISCH. Thank you very much. Both of you, thank you for testifying here today. This is—it is refreshing to hear a different view of this.

We sit in this room and talk about the volume of their handling of nuclear matters, material, and that sort of thing and breakout time and all that. You have drilled down a lot deeper into things that we need to widen our thinking on and we sincerely appreciate that.

Mr. Chairman, we have other commitments so we are going to move on. It is certain—again, I cannot understate the refreshing view that they have that is a different view than is expressed by a lot of what we hear in this room.

So thank you very much. Thank you for your testimony.

Mr. DUBOWITZ. Thank you.

The CHAIRMAN. Thank you both. As I said, your full testimony will be included in the record. I look forward to be reviewing some of the elements of your recommendations.

We have the Prime Minister of New Zealand that is pending so we will have to cut it a bit short. We do appreciate your testimony and we look forward to speaking to both of you as resources on the issue.

Senator RISCH. Mr. Chairman.

Mr. DUBOWITZ. Thank you.

Senator RISCH. I would like to include in the record an article that was—came from Wall Street Journal today entitled “Iran Used Secret U.N. Records to Evade Nuclear Probes.” It has got some really interesting information. I would like to include that.

The CHAIRMAN. Without objection, it will be included.

[EDITOR'S NOTE.—The information referred to above can be found in the “Additional Material Submitted for the Record” section at the end of this hearing.]

The CHAIRMAN. This record will remain open to the close of business tomorrow, and with the thanks of the committee, this hearing is adjourned.

[Whereupon, at 12:10 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF MR. ROBERT MALLEY TO QUESTIONS SUBMITTED BY SENATOR ROBERT MENENDEZ

Question. Regional Arms Race: Given Iran's ongoing policy of threatening its neighbors, both directly and through the support of proxies like the Houthis and Hezbollah, it is possible that some of our regional allies and partners, including Saudi Arabia and Turkey, are considering the development of their own nuclear arsenals.

How would the deal that you are currently negotiating address concerns from regional allies and partners about Iran's ability to develop nuclear material after the deal's expiration?

Answer. Some regional countries have indeed intimated that they might pursue nuclear ambitions if Iran acquired a nuclear weapon. Forestalling such a regional arms race is one key reason why rejoining the JCPOA is in our interest.

The JCPOA provides strict limits on Iran's nuclear-related activities in the short and medium term, enhanced monitoring and verification for the long haul, and a

platform to address the expansion of Iran's nuclear program over time. The alternative to the JCPOA is an Iranian nuclear program without these limits and enhanced monitoring, which is the case right now.

This is why last November Gulf Cooperation Council member states issued a joint statement with the United States welcoming ongoing nuclear negotiations and noting that a mutual return to full implementation of the JCPOA is the most effective way to ensure that Iran's nuclear program is constrained and exclusively for peaceful purposes. We conduct regular consultations with our Gulf partners and Turkey on the progress of JCPOA talks.

Likewise in Israel, dozens of former Israeli officials have lamented the U.S. departure from the JCPOA and asserted that a mutual return to full implementation of the JCPOA will make Israel safer. Recently, Defense Minister Gantz said, "There's no doubt that a diplomatic solution is preferable."

We remain in very close coordination with the Government of Israel, with almost daily communications at all levels, and we are working in partnership with our ally on all possible scenarios. Moreover, we have committed to all our regional partners that, regardless of whether we achieve a mutual return to full implementation of the JCPOA, we would work with them to address remaining areas of concern with Iran's policies.

Question. What steps will the Administration take to prevent other regional partners from developing or advancing nuclear weapons programs? How would those steps differ if the deal does not address Iran's long-term nuclear ambitions, or if there is no deal?

Answer. We remain committed to limiting the spread of enrichment and reprocessing technology, including in the Middle East.

Our regional partners understand that a mutual return to full implementation of the JCPOA is the best available option to constrain Iran's program today and provide a platform to address all other concerns moving forward. The experiment of the previous Administration demonstrates clearly that exiting the JCPOA made the situation far worse.

We will continue working with our partners to prevent the spread of nuclear weapons programs.

Question. Iran's Malign Activities: I welcome OFAC's recent designation of an international oil smuggling and money laundering network led by IRGC-Quds Force (IRGC-QF) officials and backed by senior Russian officials and economic entities.

According to the Administration, this network has facilitated the sale of hundreds of millions of dollars' worth of Iranian oil for both the IRGC-QF and Hezbollah. What is the U.S. doing to ensure that we continue to combat Iran's malign activities in the region and how can the U.S. continue to demonstrate commitment to our partners regarding issues of regional security?

Answer. The Biden-Harris administration has an ironclad commitment to Israel's security, and we are determined to help Israel and our Gulf partners deter, counter, and confront Iran's destabilizing activities. We have hardened our defenses, conducted dynamic force deployments to the region, including long-range bomber overflights, deepened intelligence cooperation with and boosted the capacity of our partners, interdicted Iranian weapons, and disrupted financial flows, as well as conducting defensive strikes in Iraq and Syria to deter Iran and Iran-backed militia groups from conducting or supporting further attacks on U.S. personnel and facilities. We are committed to continuing those efforts in close consultation with our regional partners.

Question. Hezbollah, with the help of Iranian support, operates freely as a militia force as well as a political party in Lebanon. Given the implications of a possible infusion of cash to Iranian proxy groups, how can the U.S. strengthen efforts to counter Iran's influence and the impact of such groups in the region?

Answer. The United States is fully committed to working with our allies and partners to deter and defend against threats from Iran and Iran-supported groups, using the full spectrum of tools available. These tools include diplomatic engagement with partners, economic sanctions, foreign assistance and defense cooperation, interdictions of arms-smuggling vessels, law enforcement actions, and other options available to the President to address such behavior.

It is important to remember that Iran's support of proxy groups continued throughout the prior Administration's "maximum pressure" sanctions. In fact, during this period, the threats to our citizens, interests, and partners in the region only increased. We have acted and will continue to act—in concert with our partners—to deter, counter, and contain Iran's array of dangerous non-nuclear activities. Our goal is to do so without the looming threat of a nuclear crisis.

Question. Breakout Time: During the original set of negotiations, the Obama administration sought to increase Iran's breakout time (how long it would take Iran to accumulate enough fissile material for one nuclear weapon should it pursue one) to a minimum of 1 year. Now senior officials are admitting that even if Iran returns to the JCPOA the breakout time will be significantly less than 1 year because of the major advances Iran has achieved in its enrichment program.

Is a 1-year breakout time still a key metric for the negotiating team?

Answer. Iran's re-implementation of all of its JCPOA commitments would dramatically increase the fissile material "breakout time" from where it is today—from a matter of weeks to many months. That would provide the United States with the time and space necessary to detect and respond to any breakout attempt. We continue to assess the deal based on a comprehensive assessment of its nonproliferation advantages relative to the sanctions relief provided.

Question. If not breakout, what are the key measures for determining the size and scope of Iran's nuclear program that the Administration is willing to leave in place?

Answer. The JCPOA has many nonproliferation advantages, including but not limited to extending Iran's fissile material "breakout time." It constrains Iran's uranium enrichment and enrichment research and development (R&D) programs for significant periods of time. It commits Iran not to engage in certain activities that could contribute to a nuclear weapons program indefinitely. It cuts off Iran's pathway to producing plutonium. And, critically, it provides the most stringent international inspection regime ever negotiated, which maximizes the likelihood that the international community would detect any covert Iranian nuclear activities.

Question. What is the United States prepared to do if Iran takes the step to enrich uranium to 90 percent?

Answer. Without engaging in hypotheticals, we have made clear Iran should not make such a dangerous move. The Administration, along with our allies and partners, is preparing equally for scenarios with and without a mutual return to full implementation of the JCPOA.

Answer. Have you sought in negotiations the dismantling or destruction of all of Iran's advanced centrifuges?

Answer. As part of a mutual return to full implementation of the JCPOA, Iran would return to JCPOA limits regarding the number and kinds of centrifuges that it is allowed to produce, install, test, and operate. As was the case when the JCPOA was in full implementation, all centrifuges and centrifuge manufacturing and storage facilities would need to be under strict IAEA surveillance.

Question. What have you proposed regarding the Fordow nuclear plant—would it be permanently closed?

Answer. As part of a mutual return to full implementation of the JCPOA, Iran would re-implement its commitments to cease uranium enrichment at Fordow, re-establish the stable isotope separation project, and convert the other half of the facility into a nuclear, physics, and technology center. In a return to full implementation of the JCPOA, Iran would not be permitted to enrich uranium, conduct enrichment related R&D, or have nuclear material at Fordow until 2031.

Question. Can you comment on Israeli Minister of Defense Gantz's comments last week here in Washington suggesting there is evidence Iran is developing new underground capabilities? Do you agree with his assessment?

Answer. The Administration would be happy to discuss this in a classified setting.

Question. Weaponization: It is becoming increasingly difficult to limit the amount of fissile material Iran possess. Even if the United States re-enters the JCPOA, Iran will retain the ability to rapidly reconstitute its nuclear infrastructure. It may be necessary to plan now for how to prevent Iran from gaining the outstanding capabilities necessary to build a nuclear weapon.

How can we enhance the IAEA's ability to determine if Iran, or any country which has a sizable uranium stockpile, might be pursuing a weapons program?

Answer. The JCPOA provides for some of the most stringent and intrusive verification and monitoring measures ever negotiated. These measures provide high confidence in the ability of the IAEA to verify that Iran is fully implementing its nuclear-related commitments under the JCPOA and to detect any attempt by Iran to divert nuclear material or equipment.

A major benefit of Iran resuming full implementation of its JCPOA commitments would be the restoration of this intensive verification regime, which includes and goes beyond Iran's implementation of the Additional Protocol to its Comprehensive

Safeguards Agreement, which would provide the IAEA the access and information it needs to give assurance about the absence of covert nuclear activities. The JCPOA provides for other enhanced verification and monitoring activities, including of uranium ore concentrate production, heavy water stocks, and centrifuge component manufacturing.

Focusing on nuclear material continues to make sense, both in the Iran context and more broadly, for reasons we can discuss in greater detail in a classified setting. Additionally, regarding missile delivery systems, we have robust domestic and multilateral authorities and tools to counter Iran's ballistic missile activities.

Question. Would it make sense to expand non-proliferation institutions' capacity to track weaponization programs and the ability of states to deliver nuclear weapons?

Answer. This is an excellent idea and one we would welcome discussing with you further in a classified setting.

Question. What kinds of resources could the United States provide to enhance the IAEA's ability to monitor such developments in Iran? Is it funding, technical assistance, and equipment?

Answer. The United States will continue to provide the IAEA with the resources it needs to conduct its critical verification and monitoring mission in Iran, including funding, training, technical assistance, and equipment.

Question. Sanctions: The Biden administration seems content to use the threat of snapback sanctions as a deterrent to Iran's increasing its enrichment to 90 percent. The Administration also has restrained its efforts to enforce its sanctions authorities, including sanctioning Chinese imports of discounted Iranian crude oil, even before the impact of the conflict in Ukraine on oil prices.

Can you walk through the expected sanctions relief Iran will receive if there is a return to the JCPOA? How much money does Iran currently have in foreign bank accounts that it will gain increased access to if sanctions are lifted?

Answer. Our Iran-related sanctions authorities remain in effect unless they are lifted, and those authorities continue to be enforced. As a result of sanctions lifting under a mutual return to full implementation of the JCPOA, which would occur as part of a step-by-step process, Iran would be able to engage in certain international commerce which is now subject to U.S. sanctions as a result of the Trump administration's decision to leave the JCPOA.

Iran also holds funds worth tens of billions of dollars in overseas accounts that are now restricted, except for use for certain transactions involving humanitarian goods and services. These funds were paid to Iran as a result of trade between Iran and third countries that was not sanctionable at the time of the payments, but have been held in restricted accounts because of U.S. sanctions. If sanctions are lifted pursuant to a mutual return to full implementation of the JCPOA, Iran will gain greater access to these funds, which it will be able to use for non-sanctionable trade. However, these are already Iranian funds, and a significant portion of them are already committed to various purposes and would not become more accessible to Iran because of JCPOA sanctions lifting.

Question. Why has the Administration elected not to target Chinese entities that are violating U.S. sanctions with respect to Iranian crude imports? Are there plans to do so?

Answer. Our Iran-related sanctions authorities remain in effect unless they are lifted, and those authorities continue to be enforced. We are regularly and robustly engaged with the day-to-day business of enforcing our sanctions, including regular and effective communications with allies and partners about those attempting to evade our sanctions.

For example, on May 25, 2022, the Administration designated an IRGC-Quds Force illicit oil smuggling and money laundering network connected to oil imports by firms in the People's Republic of China.

Question. Is there any evidence that snapback deterrence has worked?

Answer. The Administration would be happy to address assessments of Iranian intentions in a classified setting.

Question. What does the U.S. believe are the scenarios under which snapback is warranted? Where do our European allies stand on the issue of snapback sanctions? Have we discussed the conditions under which we'd implement them together?

Answer. The Administration, along with our allies and partners, is preparing equally for scenarios with and without a mutual return to full implementation of

the JCPOA. We would be happy to discuss specific scenario planning we have done with our partners in a classified setting.

Question. The existing JCPOA requires the Administration to request Congress permanently end a number of statutorily required sanctions on Iran in October 2023. If hypothetically, Iran returns to the JCPOA sometime this year, does the Administration still intend to call for fulfilling this provision whose deadline is just a year away? If not, what would the new proposed timeline be?

Answer. The United States will abide by its commitments under the JCPOA if there is a mutual return to full implementation of the arrangement, including seeking legislative action on Transition Day as described in Annex V.

RESPONSES OF MR. ROBERT MALLEY TO QUESTIONS
SUBMITTED BY SENATOR MARCO RUBIO

Question. Since President Biden came into office, the Administration has single-mindedly pursued renegotiating a nuclear deal with Iran. During this time, the Administration has ignored Congress, the family members of American hostages, and our allies and partners in the region, who all see this “deal” for what it is—an opportunity for a bloodthirsty regime to obtain a financial lifeline so it can continue its destructive activities. Israel Prime Minister Bennet, our strongest ally in the Middle East, has said, “the emerging deal, as it seems, is highly likely to create a more violent, more volatile Middle East.”

What is your response to concerns raised by Israel and other American allies in the Middle East, like Bahrain, Morocco, the UAE, and Egypt?

Answer. As I said in my opening remarks to the Committee, we have gone through several years of a real-life experiment in the very policy approach critics of the JCPOA advocated: a so-called maximum pressure policy, designed to strangle revenue for the Iranian regime, in hopes of getting Iran to accept far greater nuclear restrictions and engage in far less aggressive behavior. However, the opposite occurred: rather than compelling them to make concessions, the so-called maximum pressure campaign saw a dramatic increase in Iran’s non-nuclear and nuclear provocations. That is why we have sought, without any illusions, a return to full implementation of the JCPOA. We will do so as long as we assess that the nonproliferation benefits of a return to the deal are worth the sanctions-lifting we would need to provide.

That is a position that is backed by our European allies, all GCC member states, as well as by a vast preponderance of former senior Israeli national security officials. Last November, GCC member states issued a joint statement with the United States welcoming ongoing nuclear negotiations and noting that a mutual return to full implementation of the JCPOA is the most effective way to ensure that Iran’s nuclear program is constrained and exclusively for peaceful purposes. We conduct regular consultations with our Gulf partners on the progress of JCPOA talks. In Israel, we have seen dozens of former Israeli officials lamenting the U.S. departure from the JCPOA, all of whom have characterized the former Administration’s decision as one of the most damaging to Israel’s security. Recently, Defense Minister Gantz said, “There’s no doubt that a diplomatic solution is preferable.”

But we are not single-minded in that approach. We have acted and will continue to act to deter, counter, and contain Iran’s array of dangerous activities. Importantly, the Biden-Harris administration has an ironclad commitment to Israel’s security. Our coordination with Israel has never been closer. Defense Minister Gantz’s recent visit to Washington is only the latest in a constant series of high-level engagements and practical U.S.-Israeli collaboration to counter Iranian threats. Because of this deep coordination, we are well-prepared to deter and counter any Iranian threats. Our goal is to do so without the looming threat of a nuclear crisis, but we will confront it regardless.

We are determined to help Israel and our Gulf partners deter, counter, and confront Iran’s destabilizing activities. Throughout the talks leading up to a possible U.S. return to the JCPOA, we have been transparent with Israel and our regional partners, knowing that we all share a common interest: ensuring that Iran never acquires a nuclear weapon.

Question. Has the Administration incorporated allied countries’ concerns into negotiations with the Iranians?

Answer. We are in close contact with our European allies, and we are grateful for the positive role they have played in trying to bring the JCPOA negotiations to a successful conclusion. We are fully aligned in our diplomatic efforts as well as in

our overall posture toward Iran's destabilizing activities and are coordinating closely in anticipation of any potential scenario. The prior Administration's exit from the JCPOA left the United States isolated even as Iran increased its nuclear and non-nuclear provocations. In contrast, the Biden-Harris administration's substantive effort to achieve a mutual return to full implementation in coordination with our European allies has allowed us to rebuild a broad coalition working together to confront threats from Iran. Since the last Administration left the deal, Iran's regional behavior has gotten worse, not better, with U.S. forces and diplomatic personnel in the Middle East coming under increasing attacks by Iran and its proxies and partners. The JCPOA does not solve all the problems we and our partners have with Iran, but it keeps Iran from developing or obtaining a nuclear weapon, which would make it a much more dangerous actor in the region and on the world stage.

Question. If so, can you provide specifics?

Answer. I will not try to speak for our allies and partners, but I think they would agree that our negotiating postures are fully aligned and that we have pushed together to ensure that any deal we reach addresses our shared non-proliferation concerns. We likewise are fully on the same page not only with our European Allies, but also with Israel when it comes to deterring, countering, and confronting Iran's other destabilizing activities, regardless of the outcome of our JCPOA talks.

Question. Is obtaining a nuclear deal, without a firm guarantee from Iran that it won't develop nuclear weapons, a worthwhile objective in return for an almost certain increase in terrorism throughout the Middle East?

Answer. Iran is legally obligated under the Nuclear Non-Proliferation Treaty not to manufacture or otherwise acquire nuclear weapons, and in the JCPOA, Iran reaffirms that under no circumstances will it ever seek, develop, or acquire any nuclear weapons. But while these are clear obligations and commitments, we should not and will not rely on them alone. Returning to full implementation of the JCPOA would pull the world back from the brink of nuclear crisis; return the most comprehensive monitoring ever negotiated to Iran's nuclear program; reimpose stringent restrictions on Iran's nuclear-related activities and stockpiles for significant periods of time; and increase the breakout time from as short as 1 week to about half a year in the near term, enough time to detect and act should we need to do so. We are not banking on any change in Iran's regional behavior, but we believe it is far better to deal with it without a nuclear crisis hanging over the Middle East and the rest of the world, and to confront that challenge in unity with our allies and partners. Moreover, the simple reality is that Iran's non-nuclear provocations increased rather than decreased when the United States left the JCPOA.

Question. The President, the Secretary of State and Chairman Milley have all said that the IRGC Quds Force is a terrorist organization. The President through a spokesperson called the Quds Forces "terrorists." The Quds force continues to support operations against American troops and allied countries throughout the Middle East.

Do you agree with the President that the Quds Forces are terrorists?

Answer. Yes. The Islamic Revolutionary Guard Corps-Quds Force (IRGC-QF) is Iran's primary mechanism for cultivating and supporting terrorist activity abroad. Iran uses the elite IRGC-QF to provide support to terrorist organizations, provide cover for associated covert operations, and create instability in the region.

Question. Do you still believe that it was wrong for the United States to take out Qassem Soleimani, the leader of the Quds Force, in 2020?

Answer. I do not know what information the prior Administration had access to at the time to give you an appropriate answer.

Question. How can you justify providing any sanctions relief that benefits the chief financiers of these terrorists?

Answer. The unfortunate reality is that sanctions have not stopped Iran's destabilizing activities. Even during Iran's periods of greatest economic stress, including under the severe sanctions imposed by President Obama prior to reaching the JCPOA and the so-called maximum pressure campaign undertaken by the previous Administration, Iran has always funded its ballistic missile program, its regional proxies and terrorist activities, and other destabilizing policies. These activities are comparatively cheap, and Iran will prioritize these activities regardless of its economic condition. Regardless of the outcome of the nuclear talks, we will work closely with our allies and partners to deter, counter, and confront these activities. But the bottom line is that it is far better to deal with Iran's behavior without a nuclear

crisis hanging over the Middle East and the rest of the world, and to confront that challenge in unity with our allies and partners.

Question. The Central Bank of Iran, the National Iranian Oil Company, the National Iranian Tanker Company, the National Petrochemical Company are all subject to U.S. terrorism sanctions specifically for financing the IRGC Quds Force. Why is it okay to lift sanctions on the financiers of people the President calls terrorists?

Answer. The precise nature and sequence of the sanctions-related steps that the United States would take in connection with a mutual return to full implementation of the JCPOA is a subject of the talks. We have made it clear to Iran that, should we reach a deal on the JCPOA, we would continue to enforce sanctions to address its other troubling activities, including its destabilizing activities in the region, support for terrorism, and its human rights violations and abuses. It is better to deal with Iran's behavior without a nuclear crisis hanging over the Middle East and the rest of the world, and to confront that challenge in unity with our allies and partners.

Question. If public reporting is accurate, Iran has been actively plotting assassination attempts on U.S. soil of current and former U.S. officials. Earlier this year, the Ayatollah himself posted an animated video demonstrating a proposed assassination attempt on President Trump. This is not to mention the U.S. indictment of an Iranian intelligence network last year for the attempted kidnapping of Iranian American activist Masih Alinejad from Brooklyn, NY.

Why are we negotiating with Tehran in light of these plots, among numerous other reasons?

Answer. This is an issue on which all Americans are united and that transcends any partisan politics: we will forcefully defend U.S. citizens and U.S. interests, both inside and outside the United States. This includes law enforcement actions, as well as the actions the President has taken to defend U.S. forces in the region from Iranian-backed militia groups. We have to be clear to Iran that our response to any action that threatens Americans will be severe and robust. That is true regardless of the outcome of the nuclear talks. But, again, we are convinced that we will be in a better position to confront any Iranian threat without a looming nuclear crisis and the prospect of a nuclear-armed Iran.

Question. How can we ensure that the billions of dollars-worth of sanctions relief will not resource further plots against Americans?

Answer. The unfortunate reality is that even the most comprehensive sanctions have not stopped Iran's destabilizing activities. We must work as closely as possible with our allies and partners to deter, counter, and confront those activities, regardless of the outcome of the nuclear talks, and the Biden-Harris administration is committed to that goal. We have a range of tools to combat Iran's support for terrorism and other malign behavior, and we will continue to use them aggressively. But the fact is that an Iran with a nuclear weapon would present a threat of far greater magnitude and could feel even more emboldened when it comes to supporting terrorism and threatening Americans as well as our allies and partners. That is why we, together with our European allies, believe that a mutual return to full JCPOA implementation is the best available option to constrain Iran's nuclear program and provide a platform to address Iran's other destabilizing conduct.

Question. Do you believe Iran is effectively deterred from undertaking these missions in the U.S.?

Answer. Iran should have no doubt that this Administration will forcefully defend U.S. citizens and U.S. interests, both inside and outside the United States. This includes the full range of tools at our disposal, which includes, but is by no means limited to enforcement actions and disrupting financial flows. We have been equally clear about this in forceful messages to Iran. That will be the case whether or not we return to the JCPOA.

Question. A common response that we've been hearing repeatedly from the Administration is that without a return to the JCPOA or some other nuclear agreement, Iran will develop nuclear weapons—an outcome we absolutely cannot allow. While I agree that we must prevent this outcome, it is doubtful that the JCPOA would actually do this. Even before President Trump withdrew from the agreement, it was clear that Iran was violating its provisions and secretly developing its nuclear program.

If this Administration does enter into a new nuclear deal, and Iran develops nuclear weapons anyway, that will destroy our credibility with allies and partners like

Israel, Jordan and the UAE, which have all warned us that this could happen. Is the Administration prepared for this contingency?

Answer. Throughout the talks leading up to a possible U.S. return to the JCPOA, we have been transparent with Israel and our regional partners, knowing that we all share a common interest: seeing to it that Iran never acquires a nuclear weapon. We believe diplomacy, in coordination with our allies and regional partners, is the best path to achieve that goal, and that a mutual return to full implementation of the JCPOA would give the United States the ability to detect and respond to any attempt by Iran to violate the deal and seek to develop a nuclear weapon. Indeed, not only the IAEA, but the Trump administration repeatedly certified that Iran remained in compliance with the JCPOA prior to the United States leaving the deal.

In Israel, we have seen dozens of former senior Israeli security officials lamenting the U.S. departure from the JCPOA at a time when Iran was implementing its commitments under the arrangement and supporting the return to the JCPOA with stronger provisions. Likewise, last November, GCC member states issued a joint statement with the United States welcoming ongoing nuclear negotiations and noted that a mutual return to full implementation of the JCPOA is the most effective way to ensure that Iran's nuclear program is constrained and exclusively for peaceful purposes.

President Biden is unequivocal: Iran will not be allowed to obtain a nuclear weapon. This has been a longstanding, bipartisan position. While we believe diplomacy is the best path forward to achieve that goal, this Administration will do whatever is necessary to prevent Iran from acquiring a nuclear weapon, taking no option off the table.

Question. Israel, for its part, has made it quite clear that it would take matters into its own hands if a deal failed. How has the Administration taken that into account during negotiations?

Answer. The Biden-Harris administration has an ironclad commitment to Israel's security. Our coordination with Israel has never been closer. Defense Minister Gantz's recent visit to Washington is only the latest in a continuing series of high-level engagements and practical U.S.-Israeli collaboration to counter Iranian threats. Because of this deep coordination, we are well-prepared to deter and counter any Iranian threats. We will continue to work with Israel to address these threats regardless of the outcome of the nuclear talks.

Question. Is the Administration prepared to assist our allies in defending themselves in the event Iran develops nuclear weapons? How specifically would the Administration do so?

Answer. President Biden is unequivocal: Iran will not be allowed to obtain a nuclear weapon. This has been a longstanding, bipartisan position. While we believe diplomacy is the best path forward to achieve that goal, this Administration will do whatever is necessary to prevent Iran from acquiring a nuclear weapon, taking no option off the table.

Separately, we work closely with our allies and partners in the region to bolster their ability to defend themselves against threats from Iran and others.

Question. The architects of the 2015 JCPOA pledged to the U.S. Congress and the American people that the U.S. would retain the authority to impose sanctions on Iran for non-nuclear malign behavior, including targeting organizations supporting terrorism. But in practice, if public reporting is accurate, the U.S. is offering to lift terrorism sanctions on Iran's Central Bank, the National Iranian Oil Company, and Iran's Oil Ministry in exchange for merely returning to mutual compliance with the JCPOA despite no evidence these entities have stopped resourcing terrorism.

Are U.S. negotiators offering this relief? If so, why?

Answer. If we are able to achieve a mutual return to full implementation of the JCPOA, we would be prepared to lift sanctions on those entities required for us to be in compliance with the deal. This would need to involve some entities in Iran's energy and banking sectors. Insisting on no sanctions lifting would be insisting on no deal at all. And this deal is good for our security. As evidenced by the U.S. Government's continuing efforts to seize Iranian-origin oil and the recent designation of entities involved in an IRGC illicit oil financing network, we will continue to use a broad range of tools to disrupt funding streams to the IRGC regardless of the mode they take.

We reserve the right to re-designate under non-nuclear authorities, such as counter-terrorism or human rights, persons that would be delisted in connection with a U.S. return to the JCPOA where their conduct warrants it. Any decision

about whether to re-designate an entity would be taken by the Administration based on the facts and its assessment of how best to advance our national interests.

Question. Is there any evidence that these entities have stopped financing terrorism?

Answer. The Administration would be happy to provide more detail on this matter in a classified setting.

Question. How is that consistent with previous representations made to Congress that the JCPOA doesn't prevent the U.S. from levying non-nuclear sanctions?

Answer. As we have made clear, in the event of a mutual return to full implementation of the JCPOA, we reserve the right to designate or re-designate persons under non-nuclear authorities, such as counter-terrorism or human rights. We have made clear to Iran that we would continue to use sanctions to address its troubling non-nuclear activities, including its destabilizing activities in the region, support for terrorism, and human rights abuses. Any decision to do so would be taken by the Administration based on the facts and its assessment of how best to advance our national security interests.

Question. Another shortcoming of the initial JCPOA was its failure to provide for "anywhere, anytime" inspections of Iranian facilities where suspected nuclear activities may have been taking place.

Are you confident that the JCPOA's monitoring and verification regime is adequate to ensure that inspectors have a full picture of Iran's nuclear program?

Answer. A major benefit of Iran resuming full implementation of its JCPOA commitments would be the restoration of the most intensive verification regime ever negotiated, which includes, but is not limited to, Iran's implementation of the Additional Protocol to its Comprehensive Safeguards Agreement, which would provide the IAEA the access and information it needs to give assurance about the absence of covert nuclear activities. The JCPOA also provides for verification and monitoring that goes well beyond Iran's IAEA safeguards obligations, including of uranium ore concentrate production, heavy water stocks, and centrifuge component manufacturing.

A return to full implementation of the JCPOA would provide the IAEA with the access it needs to verify that there is no undeclared nuclear material or activity in Iran, and that Iran is complying with its nuclear-related commitments under the JCPOA. In particular, there is no exemption for any locations, including military sites, under either the JCPOA's special access provisions or the Additional Protocol, and the JCPOA provides for a special process to ensure prompt access, within a pre-determined, limited time frame to any location in Iran the IAEA deems necessary in order to verify the absence of undeclared nuclear materials or activities inconsistent with the JCPOA.

Question. Has your negotiating team sought to enhance the monitoring and verification regime in its negotiations to restore the JCPOA, and how has Iran responded if so?

Answer. I cannot here discuss the details of the negotiations. A return to full implementation of the JCPOA would restore the arrangement's significant constraints on Iran's nuclear program as well as the arrangement's stringent verification and monitoring measures, which go well beyond standard comprehensive safeguards and are the most intrusive ever negotiated. These measures provide high confidence in the ability of the IAEA to verify that Iran is fully implementing its nuclear-related commitments under the JCPOA and to detect any attempt by Iran to divert nuclear material or equipment.

Question. According to public reporting, Iran has demanded the rescission of Executive Order 13876, which authorized sanctions on Iran's supreme leader, his office, and his appointees. This Executive Order's stated purpose was non-nuclear in nature. The text of the Order itself authorized these sanctions "in light of the actions of the Government of Iran and Iranian-backed proxies, particularly those taken to destabilize the Middle East, promote international terrorism, and advance Iran's ballistic missile program and Iran's irresponsible and provocative actions in or over international waters." Under this authority, some of the most powerful actors of the Iranian system have been sanctioned, including the supreme leader, his son Mojtaba, his chief of staff, his foreign policy advisor, and other key figures in his office, not to mention his one-time military aide Hossein Dehghan, who served as the commander of IRGC forces in Lebanon and Syria in 1983 when the bombing of a Marine compound in Beirut, Lebanon killed 241 U.S. servicemembers. That is not

to mention that Iran's President Ebrahim Raisi himself is sanctioned under this authority. He has been accused of crimes against humanity.

Has the U.S. agreed to lift this Executive Order? If so, why is that necessary given its non-nuclear nature?

Answer. If Iran were prepared to return its nuclear program to the JCPOA's limits, including with respect to the level and scale of its uranium enrichment activities, the United States would be prepared to lift the necessary sanctions to return to JCPOA compliance. We reserve the right to re-designate under non-nuclear authorities, such as counter-terrorism or human rights, persons that are delisted in connection with a U.S. return to the JCPOA where their conduct warrants it. We have made it clear to Iran that we would continue to use sanctions to address its troubling non-nuclear activities, including its destabilizing activities in the region, support for terrorism, and human rights abuses.

Question. Does this undermine the representations made by the architects of the JCPOA to this Congress that nothing in the JCPOA prevents the U.S. from levying non-nuclear sanctions?

Answer. We have made it clear to Iran that even in the event of a mutual return to full implementation of the JCPOA, we reserve the right to re-designate under non-nuclear authorities, such as counter-terrorism or human rights, persons that are delisted in connection with a U.S. return to the JCPOA where their conduct warrants it. We have made it clear to Iran that we would continue to use sanctions to address its troubling non-nuclear activities, including its destabilizing activities in the region, support for terrorism, and human rights abuses.

Question. I understand that you have been in frequent contact with the families of Emad Shargi, Babak and Siamak Namazi, and Morad Tahbaz. While I am appreciative of this level of contact, I am concerned that a future deal will sacrifice U.S. national interest and may not result in these four Americans' release. Late last year, media reports indicated that the Iranians had rejected a demand that these four detainees be released in order to negotiate directly. The Obama administration negotiated a side deal to the JCPOA that paid for hostages with pallets of cash, but this did not include the Namazis. The Trump administration reversed the policy of paying for hostages and negotiated prisoner exchanges only without any payments.

Are you confident that the United States will secure a release for all four Americans held in Iran?

Answer. For decades, the Iranian regime has unjustly detained Americans and other foreign citizens and dual nationals for political purposes, including before, during, and after U.S. participation in the JCPOA. Iran's unjust imprisonment of U.S. nationals for use as political leverage is outrageous. Our priority is bringing all our wrongfully detained U.S. nationals home safely as soon as possible and resolving the cases of missing and abducted U.S. nationals. At the same time, we are working with our allies—many of whom have suffered from similar action by Iran—to make clear to Iran that this practice must end.

With regard to the four unjustly detained U.S. nationals and to Bob Levinson, we are treating their cases independently from the discussions on the JCPOA but, as I have repeatedly said, it is very difficult for us to imagine a return to the JCPOA while our nationals remain unjustly detained. We are working night and day to bring home all wrongfully detained U.S. nationals in Iran and to reach closure in Bob Levinson's case.

Question. Do the Iranians believe you are negotiating payment for hostages at this time?

Answer. No. The United States will not pay Iran one cent for the release of wrongfully detained U.S. nationals. While we are treating the issue of detainees independently from the discussions on the JCPOA, we may consider actions to address this issue that are separate from our efforts to achieve a mutual return to full implementation of the JCPOA. We are also working with our allies, many of which also have nationals currently arbitrarily or wrongfully detained by the Iranian Government, to seek their nationals' release. Iran's unjust imprisonment of U.S. nationals for use as political leverage is outrageous. Our priority is bringing all our wrongfully detained nationals home safely as soon as possible and resolving the cases of missing and abducted U.S. nationals.

Question. What will prevent Iran from taking more hostages in the future if it believes it can hold Americans or other foreign nationals for ransom?

Answer. For decades, the Iranian regime has unjustly detained Americans and other foreign citizens and dual nationals for political purposes, including before, during, and after U.S. participation in the JCPOA. We stand with the international

community against wrongful and arbitrary detention. Arbitrary detentions are prohibited under international human rights conventions. The United States signed on to the “Declaration Against the Use of Arbitrary Detention in State-to-State Relations” and congratulates Canada for obtaining the endorsement of so many countries. The broad coalition of governments endorsing the declaration sends a clear message that history remains on the side of human rights and the rule of law—not the cynical use of law as a political tool. When arbitrary detentions are used, as too many nations do, to try to obtain leverage in state-to-state relations, they are a heinous act against the human rights of the individuals in question and are an affront to international law. We also strongly caution all Americans from traveling to Iran because of the high risk of arbitrary detention. We currently maintain a Level Four Travel Advisory advising against travel to Iran.

RESPONSES OF MR. ROBERT MALLEY TO QUESTIONS
SUBMITTED BY SENATOR BILL HAGERTY

Question. An international agreement will be far more likely to survive multiple presidential administrations if and when the Executive Branch follows the Constitution by formally submitting the agreement as a treaty for this Senate’s advice and consent. Do you disagree with this statement?

Answer. I share President Biden’s conviction that a bipartisan approach to Iran is the strongest way to safeguard U.S. interests for the long term, and I remain deeply committed to continued close engagement with Congress in a bipartisan manner as Iran policy continues to develop. We will be open and transparent with Congress about any deal that is reached on a mutual return to full implementation of the JCPOA, and, should we succeed in reaching such a deal, we will submit it to Congress for review under the Iran Nuclear Agreement Review Act (INARA).

Question. Can you explain to this Committee why the Biden administration will not commit to submitting any agreement to revive or amend the Joint Comprehensive Plan of Action (“JCPOA”) as a treaty for the Senate’s advice and consent to ratification under the Constitution?

Answer. We will be open and transparent with Congress about any deal that is reached on a mutual return to full implementation of the JCPOA, and, should we succeed in reaching such a deal, we will submit it to Congress for review under the Iran Nuclear Agreement Review Act (INARA).

Question. Congress enacted the vast majority of Iran sanctions—including the Menendez-Kirk secondary sanctions against the Central Bank of Iran and against Iranian oil exports—not only in response to Iran’s nuclear program, but also in response to Iran’s prolific support for international terrorism, for missile proliferation, and for systemic and egregious human rights abuses. Do you agree with this statement?

Answer. Yes. The United States has a range of tools available to address Iran’s support for terrorism and other malign activities, including sanctions, and we have made it clear to Iran that, should we succeed in reaching a deal on a mutual return to full implementation of the JCPOA, we would continue to enforce sanctions to address its other troubling activities, including its destabilizing activities in the region, missile proliferation activities, support for terrorism, and its human rights violations and abuses.

Question. In seeking to negotiate with Iran and other nations on U.S. involvement in the JCPOA, does the Biden administration still support the JCPOA’s requirement for Congress to repeal key U.S. sanctions laws against the Iranian regime—including the far-reaching and effective Menendez-Kirk sanctions laws—by what the Iran deal calls “Transition Day”—that is, by no later than October 2023?

Answer. The United States will abide by its commitments under the JCPOA if there is a mutual return to full implementation of the arrangement, including seeking legislative action on Transition Day as described in Annex V.

Question. Given the Iranian demand to remove sanctions from Iran’s Islamic Revolutionary Guard Corps (IRGC), what is the Biden administration’s final decision on this matter? Was this decision transmitted to the Iranians and, if so, what was their response?

Answer. As the Secretary told this Committee in April, we have communicated clearly to Iran that revoking the IRGC’s FTO designation goes beyond the JCPOA and can only be discussed if and when Iran is willing to take actions outside the

scope of the JCPOA to merit a revocation. Iran has told us it is not now willing to take such steps.

Question. What does the Biden administration intend to do towards Iran in order to restore U.S. deterrence? In the absence of a revived JCPOA, what measures will be taken against it in order to urgently curb its nuclear technological progress?

Answer. The last Administration's decision to exit the JCPOA resulted in a worsening of Iran's destabilizing behavior in the region, including increased attacks by Iran and its proxies and partners against U.S. forces and diplomatic personnel in the Middle East.

The Biden administration has strengthened U.S. deterrence by hardening our defenses, conducting dynamic force deployments to the region, including long-range bomber overflights, deepening intelligence cooperation, boosting the capacity of our partners, interdicting Iranian weapons, and disrupting financial flows, as well as conducting defensive strikes in Iraq and Syria to deter Iran and Iran-backed militia groups from conducting or supporting further attacks on U.S. personnel and facilities.

Moreover, with our efforts to achieve a mutual return to full implementation of the JCPOA, we have repaired relations with Europe that had been strained as a result of the previous Administration's exit from the deal, and we will continue to work closely with our allies and partners in Europe and the Middle East to counter Iran's destabilizing activities.

Regarding the threat posed by Iran's nuclear program, the bottom line, as Iran knows perfectly well, is that President Biden is committed to ensuring that Iran will never acquire a nuclear weapon. The Administration, along with our allies and partners, is preparing equally to meet that commitment under scenarios with and without a mutual return to full implementation of the JCPOA.

Question. The Director General of the International Atomic Energy Agency (IAEA) has issued several reports on Iran that make clear the IAEA has serious outstanding concerns regarding possible undeclared nuclear material and activities in Iran today. Is it your understanding that the IAEA has not been able to provide assurances that Iran's nuclear program is peaceful?

Answer. The Director General's most recent report on the implementation of Iran's NPT-required safeguards agreement makes clear that Iran has not provided the substantive cooperation necessary to resolve the IAEA's serious outstanding safeguards concerns. The Director General has made clear that he needs that substantive cooperation in order to confirm the correctness and completeness of Iran's declarations under its Comprehensive Safeguard Agreement and to provide the assurance that Iran's nuclear program is exclusively peaceful.

Question. Is Iran in full compliance with the Nuclear Nonproliferation Treaty?

Answer. The IAEA Director General's most recent report on the implementation of Iran's NPT-required safeguards agreement makes clear that Iran still has not provided the substantive cooperation necessary to resolve its serious outstanding safeguards concerns related to possible undeclared nuclear material and activities in Iran. Iran's continued failure to fully cooperate with the IAEA's ongoing safeguards investigations raises serious concerns with regard to Iran's compliance with its obligation to accept safeguards under Article III of the NPT. The Director General also made clear that he remains ready to engage without delay to resolve the outstanding safeguards matters.

Question. Was Iran's secret Atomic Archive—the existence of which Israel revealed in May 2018 after a stunning intelligence operation—consistent with Iran's obligations under the Nuclear Nonproliferation Treaty and related IAEA safeguards agreements?

Answer. Iran's legal obligations under the Nuclear Non-Proliferation Treaty (NPT) and its NPT-required safeguards agreement remain in force and are separate from its nuclear-related commitments under the JCPOA. Iran's safeguards obligations include the obligation to declare nuclear material and activities to the IAEA. Iran's continued failure to fully cooperate with the IAEA's ongoing safeguards investigations raises serious concerns with regard to Iran's compliance with its obligation to accept safeguards under Article III of the NPT.

Question. Is it true that Iran routinely hampers the IAEA's ability to have the kind of unfettered, verifiable inspection regime you say will ensure Iran is not able to build a nuclear bomb?

Answer. Prior to the U.S. exit from the JCPOA in 2018, Iran was implementing its nuclear-related commitments under the JCPOA, including enhanced verification

and monitoring measures and implementation of the Additional Protocol, which provided the IAEA the most significant inspection authorities ever negotiated. The value of a return to that inspection regime is one of the reasons we are committed to seeking a mutual return to full implementation of the JCPOA.

Question. Is it correct that Iran has not, to the best of your knowledge, satisfactorily answered the IAEA's questions on undeclared nuclear material and activities?

Answer. The Director General's most recent report on the implementation of Iran's NPT-required safeguards agreement makes clear that Iran has not provided the substantive cooperation necessary to resolve its serious outstanding safeguards concerns related to possible undeclared nuclear material and activities in Iran. The Biden administration has made clear that it is imperative that Iran fully cooperate with the IAEA to resolve these serious safeguards concerns without further delay.

Question. Iran has demanded closure of the IAEA's investigation into Iran's past nuclear activities. Do you believe the United States should support Iran's demand?

Answer. No. Iran's legal obligations under the Nuclear Non-Proliferation Treaty (NPT) and its NPT-required safeguards agreement remain in force. They are separate from Iran's nuclear-related commitments under the JCPOA. Iran must provide the required cooperation necessary to resolve the IAEA's concerns related to possible undeclared nuclear material and activities in Iran.

We fully support the IAEA's continued efforts to resolve these issues consistent with standard safeguards practices. As the IAEA Director General has made clear, these safeguards issues will remain outstanding until they are clarified and resolved to the full satisfaction of the IAEA. We look forward to the day that these issues can be removed from consideration by the IAEA Board of Governors, but that can happen only when Iran provides the necessary cooperation to resolve the IAEA's concerns.

Question. Iran is being investigated by the IAEA in as many as four different investigations concerning the presence of undeclared nuclear material at various sites in Iran. These investigations have been going on for nearly 4 years, with no real cooperation from Iran. A roadmap for assessment agreed between the IAEA and Iran in March apparently has failed due to a lack of Iranian cooperation. You noted in your testimony on May 25, 2022, that you are consulting with allies about action that may take place at the IAEA's Board of Governor's meeting. Does Iran's consistent failure to cooperate with the IAEA merit censure via a resolution at the upcoming IAEA Board of Governor's meeting in June 2022 in your view? If not, what further lack of cooperation would Iran have to engage in to merit censure?

Answer. Iran must be held accountable to its obligations under its NPT-required comprehensive safeguards agreement. We are consulting with our European allies and with Israel and others to decide the best way to accomplish this at the Board of Governors meeting in June. We have made clear that Iran must cooperate fully and on an urgent basis with the Agency to clarify and resolve the long outstanding safeguards issues.

Question. Are you committed to full, truthful accounting of Iran's nuclear program before the U.S. agrees to any deal?

Answer. We have made clear that Iran must provide the clarifications required by its safeguards obligations. The fact that outstanding safeguards questions remain unresolved with respect to Iran's nuclear program only makes it more important to achieve a return to full implementation of the JCPOA's tight nuclear restrictions and stringent international verification regime, including Iran's implementation of its Additional Protocol. Open questions about possible undeclared nuclear material and activities in Iran are especially troubling when combined with a relatively unconstrained and less monitored nuclear program in Iran today.

Question. Will you commit not to lift sanctions against Iran until the regime complies with the IAEA's requests to satisfactorily resolve outstanding issues relating to undeclared nuclear material and activities?

Answer. Iran's legal obligations under the Nuclear Non-Proliferation Treaty (NPT) and its NPT-required safeguards agreement remain in force and are separate from its nuclear-related commitments under the JCPOA. These obligations include the obligation to declare nuclear material and activities to the IAEA. If Iran does not provide the necessary cooperation, those safeguards issues will remain a concern for the Board of Governors.

The fact that there are outstanding questions only makes it more urgent to achieve a return to full implementation of the JCPOA's tight nuclear restrictions and stringent international verification regime, including Iran's implementation of

its Additional Protocol. Open questions about possible undeclared nuclear material and activities in Iran are especially troubling when combined with a relatively unconstrained and less monitored nuclear program in Iran today.

Question. Is the Biden administration prepared to work with other nations to escalate Iran's noncompliance with the ongoing IAEA investigation to the U.N. Security Council, which would likely entail a snapback of prior U.N. sanctions resolutions? What would you assess would trigger that?

Answer. The Administration fully supports the IAEA's efforts to resolve outstanding safeguards issues with Iran, and we will continue working with our allies and partners to take all necessary steps in that regard.

ARTICLE FROM WALL STREET JOURNAL TITLED, "IRAN USED SECRET U.N. RECORDS TO EVADE NUCLEAR PROBES"

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◆ WSJ NEWS EXCLUSIVE MIDDLE EAST

Iran Used Secret U.N. Records to Evade Nuclear Probes

Internal IAEA documents, obtained by Iranian intelligence, were sent to top officials amid an investigation into a suspected past nuclear-weapons program



By *Laurence Norman* and *Sune Engel Rasmussen*

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Iran secured access to secret United Nations atomic agency reports almost two decades ago and circulated the documents among top officials who prepared cover stories and falsified a record to conceal suspected past work on nuclear weapons, according to Middle East intelligence officials and documents reviewed by The Wall Street Journal.

The International Atomic Energy Agency documents and accompanying Persian-language Iranian records reveal some of the tactics Tehran used with the agency, which is tasked with monitoring compliance with nuclear nonproliferation treaties and the later 2015 nuclear deal.

The U.S. and the IAEA have said for years that Iran has failed to answer questions about its past nuclear work in a cat-and-mouse game that continues to this day and now complicates a revival of the nuclear deal, which lifted most international sanctions on Iran in exchange for limits on Iran's nuclear activities.

Middle East intelligence officials said the IAEA documents, marked confidential by the agency, and Iranian records were circulated between 2004 and 2006 among senior Iranian military, government and nuclear-program officials. The agency was investigating information that suggested Iran had worked on nuclear weapons.

Iran's acquisition of sensitive IAEA documents "represents a serious breach of IAEA internal security," said David Albright, president of the Institute for Science and International Security and a former U.N. weapons inspector. "Iran could design answers that admit to what the IAEA already knows, give away information that it will likely discover on its own, and at the same time better hide what the IAEA does not yet know that Iran wants to keep that way."



The IAEA, based in Vienna, declined to comment on the documents and didn't respond to questions about its handling of security.

Iranian officials didn't respond to requests for comment. Tehran has always denied working on nuclear weapons, which Supreme Leader Ali Khamenei prohibited in a decree in 2003.

The IAEA records accessed by Iran were among more than 100,000 documents and files seized by Israeli intelligence in January 2018 from a Tehran archive. Some documents include handwritten notes in Persian on IAEA documents and attachments with Iranian commentary. In several of the documents reviewed by the Journal, Iranian officials credited "intelligence methods" for obtaining the IAEA reports.

Israel has passed the nuclear archive over to the U.S. intelligence community, said people familiar with the matter, and given partial access to independent experts, including from the Belfer Center at Harvard University. The Belfer Center concluded in April 2019 that the

archive showed Iran's nuclear work had advanced further than previously understood. The Journal reviewed documents from the archive that haven't been disclosed publicly.

One former IAEA official said the documents from the agency are authentic, and Mr. Albright, who had access to some of the nuclear archive and wrote a book on what it revealed about Iran's nuclear work, said the Persian-language documents reviewed by the Journal were consistent with what he had seen in other documents from the Iranian nuclear archive.

In one handwritten Persian note attached to an Iranian corporate record, a top Iranian official pressed Mohsen Fakhrizadeh, widely regarded as the father of the country's nuclear weapons program, to come up with a "scenario" to explain to the IAEA why corporate-registration records had been changed for a civilian company that Iran claimed was working on an Iranian uranium mine.

According to a set of Iranian documents, the company, Kimiya Maadan, ceased to exist in Iranian corporate records in December 2001. One of the documents ordered Iranian officials to change Kimiya Maadan's liquidation date in corporate records to May 2003. According to Middle East intelligence officials, the change allowed Iran to tell the IAEA that the work on the uranium mine, before May 2003, was done by Kimiya Maadan for the Atomic Energy Organization of Iran, supporting Iran's assertion that the mine was civilian and separate from any military nuclear work.

Iran's Ministry of Defense built the uranium mine, called Gachin, to be able to produce material for a potential nuclear-weapons program, according to Middle Eastern intelligence officials and former IAEA officials.

In Persian, the top Iranian official wrote that the IAEA was bound to ask about the accuracy of the Iranian corporate records, telling Mr. Fakhrizadeh: "We must hurry."

In a separate instance, Iran's intelligence service circulated on May 19, 2004, an internal IAEA report to senior officials to prepare them for an inspection—scheduled for three days later—of a heavy-water production site southwest of Tehran near the town of Arak. Tehran had told the IAEA that it planned to build a heavy-water reactor for medical and research use there. Such reactors use heavy water as a coolant and produce plutonium as a waste product, which can be used in nuclear weapons.

The IAEA document included details of satellite information and open-source evidence of Iran's heavy-water work and a list of 18 questions the IAEA had prepared to ask Iran about its

work.



Among the officials alerted about the IAEA records was Ali Shamkhani, then defense minister and now the country's national security chief. They were told that the IAEA had carried out an investigation of Iran's heavy-water work.

"Photographs of 27 pages of classified documents on the following topics are being sent," the letter said, referring to IAEA documents.

Another IAEA document obtained by Iran in 2004 was a 114-page set of reports describing uranium-conversion work that it said Iran was conducting. That process converts yellowcake into the feed material to produce enriched uranium.

The file included reports on nuclear material that Iran had received from China, internal IAEA reports of the agency's inspections of Iranian facilities and data from samples the agency had taken at Iran's conversion facilities. It was circulated to Mr. Fakhrizadeh and one of his main deputies, Fereydoon Abbasi, as well as Iran's defense minister and the head of its Atomic Energy Agency at the time.

Another Iranian document details steps Tehran took to keep a container with radiation-monitoring equipment out of the hands of IAEA inspectors by claiming that Iran had sold it and that there was no trace of it.

Iran also got hold of a confidential IAEA document based on Western intelligence information that included questions the IAEA wanted to ask about Iran's so-called Green Salt project.

Green Salt was a small-scale way of producing tetrafluoride, an intermediate step in the process of producing feed material for uranium enrichment. The IAEA was concerned for years that Iran had worked on the project to give it the chance to produce nuclear fuel in a covert site, alongside any publicly declared enriched-uranium facilities.

The Journal received access to the documents from a Middle East intelligence agency that hails from a country that opposes Iran's nuclear program.

At a Senate hearing Wednesday, U.S. Special Envoy Robert Malley, the Biden administration's chief negotiator in the nuclear talks, said Iran's past evasion of the IAEA investigations was one of the reasons previous U.S. administration had placed hefty sanctions on Iran.

Asked by Sen. Todd Young (R. Ind.) about the Journal's report, Mr. Malley said, "Senator, did Iran lie? Of course. Did Iran have a covert nuclear program? Absolutely."

Israeli Prime Minister Naftali Bennett said the Journal report "was additional proof" that Iran was trying to advance toward obtaining nuclear weapons.

"The systematic policy of fraud, theft and concealing evidence by Iran against the IAEA should now become a definitive fact in the eyes of the international community," he said in a statement.

While the U.S. and IAEA allege that Iran has been evasive about its nuclear work, the agency over time has pieced together many elements of Iran's activities. In 2011, the IAEA published detailed information about Iran's suspected past nuclear-weapons work, including many of the elements touched on in the documents Tehran obtained.

In 2015, in a report issued as a condition of the nuclear deal, the IAEA concluded that Iran had a "coordinated effort" in place to work on nuclear weapons until at least 2003.

Iran's alleged stonewalling of the IAEA's investigations continues to cast a shadow over the Biden administration and European countries' efforts to revive the 2015 Iranian nuclear deal, which the Trump administration left in 2018. Talks have stalled in recent weeks on reviving the pact.

Iran wants the IAEA's continuing investigations into its past nuclear-weapons work closed before a deal is restored. The IAEA and Iran agreed to intensive talks this spring with an aspiration for the agency to have enough clarity on Iran's nuclear work that the IAEA board of

member states could close the investigation in June. But Iran has continued to stall the probe, IAEA officials said.

“Iran, for the time being, has not been forthcoming in the kind of information we need from them,” IAEA Director General Rafael Grossi said to the European Parliament earlier this month.

One former George W. Bush administration official who worked on Iran issues said Washington officials had long suspected that Tehran was seeking access to IAEA documents at the time but there was never any proof.

“There was substantial concern about Iran penetrating the IAEA and using the material it acquired to misdirect the inspections and hide its violations of the Safeguards Agreement,” said the official.

—Michael R. Gordon contributed to this article.

Corrections & Amplifications

Ali Shamkhani was Iran’s defense minister. An earlier version of this article incorrectly described him as the head of Iran’s armed forces. (Corrected on May 25)

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