



U.S. SENATE BANKING COMMITTEE

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Opening Statement of Chairman Christopher Dodd “The Comprehensive Iran Sanctions, Accountability and Divestment Act of 2008”

Remarks as Prepared:

This Committee exercises jurisdiction over virtually all aspects of U.S. financial and economic sanctions policy toward Iran, which can be summarized in three categories: (1) the U.S. trade and investment ban administered by the Treasury Department’s Office of Foreign Assets Control; (2) sanctions against foreign companies that invest substantially in the energy sector, proceeds from which support Iran’s proliferation or terrorism-related activities; and (3) targeted financial measures, including freezing assets of individuals involved in proliferation.

Last year, this Committee conducted a hearing on the effectiveness of Iran sanctions. Working with the Administration, we acted swiftly to strengthen the U.S. trade/investment ban, and ultimately saw enactment in October of the International Emergency Economic Powers Enhancement Act. This new law holds violators of U.S. sanctions law accountable, adding jail-time and severe fines against those investing in Iran and other terrorist sponsors.

But more remains to be done. The missile tests that Iran conducted on July 9-10th and its subsequent pledges to attack Israel and U.S. facilities throughout the region in the event of hostilities were provocative. Iran’s behavior with respect to weapons proliferation, support for terrorism, destabilization of its neighbors, and threats against our allies and interests demand a serious response.

This bill is an important part of that response. And that is why I want to thank Senator Shelby and my Committee colleagues for working on the measure, which blends key provisions of Iran-related legislation that has been referred to our Committee, strengthening our sanctions regime and giving investors the option of divesting from companies active in Iran’s energy sector. Senators Bayh, Brownback, Smith, Durbin, Lautenberg and others have also worked hard on Iran issues. And I want to thank Senator Obama for his work on his Iran divestment legislation, which has been adapted and incorporated into this bill. The approach embodied in this comprehensive bill is targeted

and strategic, maximizing the economic leverage of the U.S., our partners and allies, and U.S. and international investors while avoiding the risks of a broader, more indiscriminate approach.

The current UN Security Council sanctions against the government of Iran have been extremely important, but we have an obligation to take measures, consistent with the objectives of the UN sanctions, to increase the leverage of the U.S. and our allies in a much more aggressive diplomatic and political initiative to bring Iran back to the table and persuade its government to change its behavior. What we need is a comprehensive strategy that builds our leverage within a major new diplomatic push for meaningful negotiations. Sanctions against Iran are not an end unto themselves, but rather the means of driving resolution of the problem. And the Europeans' recent agreement to impose additional financial sanctions on Iran is another heartening development that exerts pressure to that end.

In addition to expanding U.S. sanctions on the government of Iran, this bill would also provide – for those who have moral or political objections to such investments, or who believe there is a significant reputational risk to such investments – a simple formula for divestment from firms which invest significant amounts in Iran's energy sector. Those provisions are patterned after the Sudan Accountability and Divestment Act reported by this Committee and enacted last year. Finally, and importantly, unlike other legislation that has been acted upon by either house of Congress, this bill provides new incentives for countries to strengthen their export control systems to stop the illegal diversion of sensitive dual-use technology to countries like Iran, and additional licensing requirements on those who refuse to cooperate with such efforts. This is critical to our efforts to prevent Iran's proliferation activities.

I hope we can move forward quickly on this measure. The Senate Finance Committee recently marked up its own Iran sanctions legislation, which also includes trade and WTO provisions under its jurisdiction, and other provisions within the jurisdiction of the Foreign Relations Committee related to the Russia 123 Agreement, people-to-people exchanges, and radio broadcasting. There is considerable interest among Senators, including our leadership, in moving comprehensive Iran legislation quickly; I want to combine efforts and get it enacted soon. Much more assertive diplomacy and efforts to bolster our relationship with Iran's people, coupled with tougher financial measures to increase economic pressure designed to bring its government to the table, is the way forward for U.S. policy.

As my colleagues appreciate, our European allies are working closely with the U.S. to increase economic and diplomatic pressure on Iran, and talks presided over by EU Secretary General Javier Solana are set to resume July 19th. I was pleased to see that the Administration has decided to send Under Secretary Burns to accompany him. I hope our measures complement these efforts. Though I have generally been skeptical of unilateral sanctions in the past, the measures in this bill are consistent with the strong international consensus that Iran's behavior is unacceptable, and they are in sync with sanctions under consideration by our allies. Major Western energy firms are already pulling out of

energy investments. On Iran sanctions, we are not alone as we have been with some sanctions elsewhere.

This measure will bolster what I hope will be, in the waning days of this Administration and in the hands of a new Administration, a newly energized push to harness assertive diplomacy and the economic leverage these initiatives can offer, and bring the Iranians to the table once and for all to come clean on these issues and abandon their nuclear weapons ambitions. Again, I thank my colleagues for their help in these efforts, and welcome their comments today as we move forward on this measure.