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WRITTEN STATEMENT
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Senate Committee on Banking, Housing, and Urban Affairs
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Good morning, Chairman Shelby, Ranking Member Brown and Senators. I appreciate the opportunity to discuss with you the status of negotiations related to Iran’s nuclear program.

It is appropriate that we are gathered here today for what will be this committee’s first hearing this year and its first hearing under the new 114th Congress to discuss Iran’s nuclear program. The challenge posed by Iran’s nuclear program has long been one of our country’s foremost national security priorities, and it has been a primary focus of both the Congress and the Administration. The international community shares our serious concerns about Iran’s nuclear program. Together with our partners in the P5+1 and the EU we have been unified in pursuing a comprehensive solution that lays these concerns to rest – consistent with the President’s firm commitment to prevent Iran from acquiring a nuclear weapon.

It was with that challenge in mind that Secretary Kerry and our lead negotiator Under Secretary Sherman traveled to Geneva earlier this month as part of our latest efforts to reach a long-term comprehensive plan of action with Iran that would verifiably ensure Iran’s nuclear program will be exclusively peaceful going forward.

Today I plan to update you on our goals for and the status of the negotiations. There are, of course, some details that I will not be able to discuss in an unclassified setting – the negotiations are ongoing and cannot be conducted in public. But I will give you as much detail as I can in this setting because we all understand the vital role Congress and this Committee play in shaping U.S. policy towards Iran. We remain committed to continue – and when necessary, to expand – regular consultations. We all have the same goal – to make the world a safer place by resolving the international community’s concerns with Iran’s nuclear program.

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We continue to believe that the best way to do that is to negotiate a comprehensive plan of action that, when implemented, will ensure that, as a practical matter, Iran cannot acquire a nuclear weapon and that Iran's nuclear program is exclusively peaceful.

Any comprehensive deal must effectively cut off the four pathways Iran could take to obtain enough fissile material for a nuclear weapon: two uranium pathways, through its activities at Natanz and Fordow; a plutonium pathway, through the Arak heavy water reactor; and a potential covert pathway. It must include tight constraints and strict curbs on Iran's nuclear program. And finally, it must require robust monitoring and transparency measures to maximize the international community's ability to detect quickly any attempt by Iran to break out overtly or covertly.

In exchange, the international community would provide Iran with phased sanctions relief tied to verifiable actions on its part. Such relief would be structured to be easily reversed so that sanctions could be quickly re-imposed if Iran were to violate its commitments.

We never expected this to be an easy process, and so far those expectations have proved correct. It is also a process that cannot be rushed. After thirty-five years without diplomatic relations, and after more than ten years of attempts to put a halt to Iran's proliferation of sensitive nuclear activities, we are now trying to see if we can work through a multitude of complicated issues in order for us and the international community to be assured of the exclusively peaceful nature of Iran's nuclear program.

Our goal is to conclude the major elements of the deal by the end of March and then to complete the technical details by June.

The most recent discussions were serious, useful, and businesslike. We have made progress on some issues but gaps remain on others. I, or our lead negotiator, Under Secretary of State Wendy Sherman, would be happy to provide further information in a classified setting.

Overall, however, we assess that we still have a credible chance of reaching a deal that is in the best interest of America's security, as well as the security of our allies. If Iran's leaders choose not to move forward, we will work with Congress to increase pressure. But while we remain engaged in these negotiations, it is important to demonstrate to our partners as well as to Iran that Washington is

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united in support of a comprehensive solution that would ensure that Iran does not acquire a nuclear weapon, and that its nuclear program is exclusively peaceful. I know this is a goal we all share.

The U.S. Congress has played a vital role in getting us to where we are today and will undoubtedly play an important role going forward. Sanctions were instrumental in bringing Iran to the table. But Iran's program continued until negotiations made the Joint Plan of Action (JPOA) possible. Sanctions did not stop the advance of Iran's nuclear program. Negotiations did, and it is in our interest not to deny ourselves the chance to achieve a long-term, comprehensive solution that would prevent Iran from acquiring a nuclear weapon.

Let me talk about that progress we have achieved so far.

Before the JPOA, despite an unprecedented sanctions regime, Iran's nuclear program was rushing toward larger enriched uranium stockpiles, greater enrichment capacity, the production of plutonium that could be used in a nuclear weapon, and ever shorter breakout time. Today, as the result of the constraints in the JPOA, Iran has halted progress on its nuclear program and it has rolled it back in key areas for the first time in a decade, and it has allowed us to have greater insight and visibility through more intrusive and more frequent inspections.

Before the JPOA, Iran had about 200 kilograms of 20 percent enriched uranium in a form that could be quickly enriched into a weapons-grade level. It produced much of that material at the Fordow facility, buried deep underground. Today, Iran has no such 20 percent enriched uranium – zero, none. It has diluted or converted every ounce, suspended all uranium enrichment above 5 percent and removed the connections among centrifuges at Fordow that allowed them to produce 20 percent enriched uranium.

Before the JPOA, Iran was making progress on the Arak reactor, which, if it had become operational, and together with a reprocessing facility, would have provided Iran with a plutonium path to a nuclear weapon. Once fueled, the Arak facility would be challenging to deal with militarily. Today, Arak is frozen in place.

Before the JPOA, Iran was enriching uranium with roughly 10,000 centrifuges and had another roughly 9,000 installed centrifuges ready to bring into operation. The JPOA froze Iran's enrichment capacity and those 9,000 additional centrifuges are still not operating.

Before the JPOA, inspectors had less frequent access to Iran's nuclear facilities. Today, the JPOA has enabled IAEA inspectors to have daily access to Iran's enrichment facilities and a far deeper understanding of Iran's nuclear program. They have been able to learn things about Iran's centrifuge production, uranium mines, and other facilities that are important to monitoring Iran's program going forward and to detecting any attempts to break out. And the IAEA has consistently reported that Iran has lived up to its commitments under the JPOA.

Just as we have asked Iran to uphold its commitments under the JPOA, we have lived up to our commitment of providing Iran with limited relief – about \$14 to \$15 billion from the start of the JPOA through this June. But that relief is dwarfed by the vast amounts denied to Iran under the existing sanctions regime. For example, in 2014 alone, oil sanctions deprived Iran of more than \$40 billion in oil revenue – well over twice the estimated value of the relief under the JPOA. And what oil revenues Iran is allowed to generate go into heavily restricted accounts that now encumber more than \$100 billion dollars. Virtually the entire sanctions architecture remains in place. Indeed, throughout the existence of the JPOA, sanctions pressure on Iran has not decreased – it has increased.

Congress is now considering legislation to impose additional sanctions on Iran, to be triggered by the failure of negotiations. I know that the intent of this legislation is to further increase pressure on Iran and, in so doing, to strengthen the hand of our negotiators to reach a comprehensive settlement. While the administration appreciates that intent, it is our considered judgment and strongly held view that new sanctions, at this time, are unnecessary and, far from enhancing the prospects for successful negotiations, risk fatally undermining our diplomacy and unraveling the sanctions regime so many in this body have worked so hard to establish.

New sanctions are unnecessary because, as I noted a moment ago, Iran already is under acute pressure from the application of the existing sanctions regime. In recent months, that pressure has only grown stronger with the dramatic drop in oil prices.

Should Iran refuse a reasonable deal or cheat on its current commitments under the JPOA, the Senate and House could impose additional measures in a matter of hours. The Administration would strongly support such action. Iran is well aware that an even sharper sword of Damocles hangs over its head. It needs no further motivation.

So new sanctions are not necessary. And their passage now would put at risk the possibility of getting a final deal over the next several months. Let me explain why.

As part of the JPOA we also committed, within the bounds of our system, not to impose new nuclear-related sanctions while the JPOA is in effect. Absent a breach by Iran, any new sanctions enacted by Congress would be viewed by Iran and the international community as the U.S. breaking out of the understandings of the JPOA. This includes “trigger” legislation that would tie the actual implementation of new sanctions to the failure to reach a final arrangement. Even if such sanctions are not, arguably, a technical violation of the JPOA, we believe they would be perceived as such by Iran and many of our partners around the world. This could produce one of several serious unintended consequences that, far from enhancing America’s security, would undermine it.

First, the passage of new sanctions could provoke Iran to walk away from the negotiating table, violate the JPOA and start moving its nuclear program forward again. Instead of keeping its uranium enrichment at under 5 percent, as it has since the JPOA was signed, Iran could start enriching again at 20 percent, or even higher. Instead of capping its stockpile of roughly 4 percent low enriched uranium at pre-JPOA levels, Iran could grow it rapidly. Instead of suspending substantive work on the Arak heavy water reactor, Iran could restart its efforts to bring this reactor on line. Instead of providing unprecedented access to international inspectors at its nuclear facilities, it could curtail/reduce IAEA access, inhibiting our ability to detect a breakout attempt. Instead of limiting work on advanced centrifuges, it could resume its efforts to increase and significantly improve its nuclear capabilities in a relatively short timeframe.

Second, even if Iran does not walk away or promptly returns to the table, its negotiators are likely to adopt more extreme positions in response, making a final deal even more difficult if not impossible to achieve.

Third, if our international partners believe that the United States has acted prematurely by adding new sanctions now in the absence of a provocation or a violation by Iran – as most countries surely would – their willingness to enforce the existing sanctions regime or to add to it in the event negotiations fail will wane. Their support is crucial. Without it, the sanctions regime would be dramatically diluted. Up until now, we’ve kept other countries on board – despite it being against their economic interest -- in large part because we’ve demonstrated we are serious about trying to reach a diplomatic solution. If they lose that conviction, the

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United States, not Iran, would be isolated, the sanctions regime would collapse and Iran could turn on everything it turned off under the JPOA without fear of effective, international sanctions pressure in response.

We can debate whether any or all of these things would happen. What I can tell you today is that those who are best placed to know – the diplomatic professionals who have been leading these negotiations and dealing directly with the Iranians and our international partners for the past several years – believe that the risks are real, serious and totally unnecessary. That is their best judgment. Why run those risks and jeopardize the prospects for a deal that will either come together – or not – over the next two months? Why not be patient for a few more months to fully test diplomacy? There is nothing to be gained – and everything to be lost – by acting precipitously.

That judgment is shared by our closest allies. Just two weeks ago, Prime Minister Cameron could not have been clearer: “...It is the opinion of the United Kingdom that further sanctions or further threat of sanctions at this point won’t actually help to bring the talks to a successful conclusion and they could fracture the international unity... which has been so valuable in presenting a united front to Iran.”

So we must continue to work together. We have briefed Congress extensively and frequently on Iran talks over the past year. We have had, and will continue to have, extensive discussions with Congress about the status of the P5+1 negotiations. We will continue to keep Congress fully informed about these negotiations through a combination of open hearings and closed briefings. I look forward to continuing that conversation with all of you and your colleagues today, and in the remaining months.

Before I finish, I want to emphasize that, even as we engage Iran on the nuclear issue and continue to apply pressure under the existing sanctions regime, we also continue to hold it accountable for its actions on other fronts. We continue to insist that Iran release Saeed Abedini, Amir Hekmati, and Jason Rezaian from detention so they can come home to their families. Likewise, we continue to call on Iran to work cooperatively with us so that we can find Robert Levinson and bring him home. This March will unfortunately mark eight years since his disappearance on Iran’s Kish Island. Secretary Kerry and Under Secretary Sherman have spoken to Iran about our concerns for the fate of these U.S. citizens as recently as last week, and will continue to do so until all of them are back home.

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We also continue to raise our voice in support of the talented and brave Iranian people, and support their desire for greater respect for universal human rights and the rule of law. We have spoken up clearly and consistently against human rights violations in Iran and have called on the Iranian government to guarantee the rights and freedoms of its citizens. We have done this in reports requested by this legislative body, such as the Human Rights Report, through statements on individual cases where our voice can support those inside Iran, and via international organizations, such as our work to support the mandate of the UN Special Rapporteur on human rights in Iran. We have also used our Virtual Embassy Tehran online platform to promote freedom of expression and respect for human rights, and our programming to support the rights of average citizens in Iran. Regardless of the outcome of ongoing nuclear negotiations with Iran, we will not relax our efforts to hold Iran accountable for its human rights violations.

We will also continue to confront Iran's destabilizing activities, promotion of sectarian divisions, and support for non-state actors and terrorists throughout the Middle East. Our positions on Palestinian terrorist groups, such as Hamas and the Palestinian Islamic Jihad, and Lebanese Hezbollah, for example, have in no way changed – and will not change. We have very clearly and consistently spoken out against these designated foreign terrorist organizations, as well as Iran's support for them. And we will continue to find ways to support those in the region who are working to counter the destabilizing actions of these groups – including building partner capacity – as we simultaneously reinforce the robust regional security architecture we've already built. Similarly, we have called out Iran for its support of the brutal regime of Bashar al-Asad in Syria. We hope that Iran soon recognizes that there is much more to be gained through constructive engagement in the region and promotion of inclusivity than through disruptive policies.

The challenges posed by Iran are numerous and complicated. We have confronted them, and will continue to do so. On the challenge of Iran's nuclear program, we face a historic opportunity to resolve this concern through clear eyed, principled and disciplined diplomacy. We do not yet know if diplomacy will be successful – as the President has stated the chances are probably less than 50-50 -- but it is of the utmost importance that we give it every opportunity to succeed.

Thank you.