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IRAN NUCLEAR DEAL OVERSIGHT: IMPLEMENTATION AND ITS CONSEQUENCES (PART II)

HEARING

BEFORE THE

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HOUSE OF REPRESENTATIVES

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IRAN NUCLEAR DEAL OVERSIGHT: IMPLEMENTATION AND ITS CONSEQUENCES (PART II)

WEDNESDAY, MAY 25, 2016

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:08 a.m., in room 2172, Rayburn House Office Building, Hon. Ed Royce (chairman of the committee) presiding.

Chairman ROYCE. This hearing will come to order.

Last week, a commander in Iran's Islamic Revolutionary Guard Corps made headlines around the world for boasting that Iran could wipe out Israel "in less than 8 minutes." And, remember, this is the same Iran that Secretary Kerry is promoting as open for business.

Sadly, in the 4 months since the nuclear agreement with Iran was implemented, few things have surprised me. I expected Iran to continue full speed ahead with its intercontinental ballistic missile program, and it has, testing two ICBMs. And, remember, as the Secretary of Defense says, "intercontinental" means able to reach from there to here. We have also seen the testing of ballistic missiles, and in case we misconstrue their intent, on the side of these ballistic missiles were the words "Israel must be destroyed," in Farsi but also in Hebrew.

It is no surprise that Iran's abysmal human rights record continues, the executions continue, the torturing at Evin Prison continues. Two more Americans have now been taken hostage. And it is no surprise that the agreement with $100 billion-plus is strengthening the Revolutionary Guards and others responsible for these abuses.

I am not all that surprised that Iran may hold its nuclear program to the letter of the agreement. After all, it was this committee that exposed the agreement's central flaw, and that central flaw is the sunset clause. With its nuclear infrastructure kept intact and key restrictions that expire, Iran does not have to cheat to get the bomb. Instead, it just simply must wait out the clock to get the bomb.

But what is astonishing, and that is the reason for this hearing, what is astonishing is the length the Obama administration has gone to accommodate Iran. It is bad enough that the administration essentially rewrote counterterrorism laws through executive action or that it has hardly responded to Iran's missile test. The

administration told us that sanctions on Iran's terrorism, on their human rights, on their ballistic missiles would be fully enforced after the agreement, yet it now says that non-nuclear sanctions would undermine the Iran agreement.

So what has happened is that the White House's Iran's policy now amounts to walking on eggshells. And in another odd twist, the Obama administration is going beyond the agreement to purchase material used in the production of nuclear weapons from Iran. As one prominent expert summed up, "We shouldn't be paying them for something they shouldn't be producing in the first place."

But the State Department has taken its advocacy for Tehran to a new and disturbing level by trying to persuade major non-U.S. banks that doing Iran-related business is not only permitted but is actually encouraged. As one witness told the committee earlier this month, we are acting as the "business development and trade promotion authority of the Islamic Republic of Iran."

International businesses must deal with the reality of an Iran whose Islamic Revolutionary Guard Corps controls the broadest of sectors across the Iranian economy, not the administration's fantasy in which Iran's behavior can be ignored and investment can be pushed into the country. They hear the warnings of the Financial Action Task Force, which sets the global anti-money-laundering standards. As Stuart Levey, the former Treasury official who was responsible—as we, in a bipartisan way, passed legislation over the years in this committee for sanctions on Iran, that former Treasury official in both administrations was responsible for much the sanctions architecture that squeezed Iran. As he wrote in the Wall Street Journal, "Why is Washington pushing non-U.S. banks to do what is still illegal for American bankers to do" and, I will just add to that, what the international Financial Action Task Force says no banks, no banks should be doing?

Last week, Secretary Kerry went so far as to say that European leaders are looking at ways to subsidize investments into Iran. Where does it stop? And Iran is still pushing for access to the U.S. dollar, the world's top currency. Given the administration's lack of any resolve to stand up to the Supreme Leader, we are right to pursue legislation to prevent that from happening.

And I now turn to the ranking member for any opening comments he may have.

Mr. ENGEL. Thank you, Mr. Chairman.

Thank you for calling this hearing.

To our witnesses, welcome to the Foreign Affairs Committee. I am grateful that the administration has kept Congress up to speed on the Iran nuclear deal throughout the process. I know there are many areas where we can continue to work together on this issue.

Ambassador Mull, it is good to see you again.

Assistant Secretary Countryman, we are glad to have your voice in the mix as well, although we miss you in the Balkans.

And Acting Under Secretary Szubin, you are doing great work, despite the fact that you have to do your job with one hand tied behind your back. We hear a lot of talk on Capitol Hill about how we need to do all we can to curb rogue regimes and terrorist groups. Well, one easy thing for our Senate colleagues to do would

be to bring your nomination up for a vote. It has been too long, and it should happen.

Commentary and analysis about the Iran deal has become the latest for the cottage industry in foreign policy circles. I am sure that at this point most of you know my refrain: I opposed the deal. I voted against it. I thought we could have done better. But now that it is in place, we need to ensure it is implemented to the letter and continue to hold Iran's feet to the fire with respect to the regime's other dangerous and destabilizing activities.

Today, I hope our witnesses, who are on the front lines of implementation, can help us cut through speculation and political noisemaking around the deal and give us a clear picture of how things are moving forward. For example, we keep hearing that because Iran hasn't yet realized the anticipated windfall from sanctions relief, the administration is going around the world trying to drum up business for Iran. Now, in my experience, when something sounds like a political attack, it is usually because it is.

I don't think we should be making any concessions to Iran beyond the scope of what is in the deal, but it is perfectly reasonable for the United States to clarify for businesses what kind of transactions are now in bounds and what remains against the law. In my view, at the end of the day, if businesses continue to shy away from investing in Iran, Iran's leaders have no one to blame but themselves. After all, with its history of corruption, money laundering, support for terrorism, human rights abuses, and an illegal ballistic missiles program, Iran doesn't exactly seem like a smart bet for investing. That is why the Financial Action Task Force, FATF, continues to designate Iran as a high-risk jurisdiction.

So, hopefully, our witnesses can shed more light on why sanctions relief has only led to a trickle rather than a surge for Iran and how the United States has responded as this aspect of the deal has unfolded.

I would also like to hear about what we are doing and what we plan to do to pressure Iran on other areas of concern. As President Obama wrote during the consideration of the Iran deal, he "made sure that the United States reserved the right to maintain and enforce existing sanctions and even to deploy new sanctions to address those continuing concerns, which we fully intend to do when circumstances warrant." I don't think we should be shy about slapping new sanctions on Iran, again, if the situation and circumstances warrant.

After Iran's ballistic missile test late last year, the administration did impose new sanctions. That was the right thing to do. The test was a clear violation of the U.N. Security Council resolution governing the nuclear deal. But Iranian money continues to flow to Hamas to rebuild its network of terror tunnels. Hezbollah has stockpiled thousands of rockets, courtesy of Iran's generosity. It is fair to say that Hezbollah would not exist if it wasn't for Iran. The Assad regime, Iran supports them. Hezbollah has propped up that Assad regime. It couldn't do it without Iranian help. Shia militants in Iraq and Houthi fighters in Yemen can still count on Iran's support. And we have intercepted ship after ship carrying Iranian weapons.

So what is the plan to deal with all these problems? How will the administration use the authorities it already has? What can Congress do to make sure this administration and future administrations have all the tools they need? How can we and our allies compel Iran to change its behavior?

I look forward to hearing our witnesses' thoughts on these areas.

I thank you all again for your service and your testimony.

Thank you, Mr. Chairman. I yield back.

Chairman ROYCE. Thank you Mr. Engel.

We are pleased to be joined by a very distinguished panel this morning.

Mr. CONNOLLY. Mr. Chairman, I have a unanimous consent request. I just ask unanimous consent that the IAEA report of January on implementation be entered into the record.

Chairman ROYCE. Without objection.

Mr. CONNOLLY. I thank the chairman. Forgive me for the interruption.

Chairman ROYCE. Thank you, Mr. Connolly.

We are joined by Ambassador Stephen Mull. He serves as the Lead Coordinator for Iran Nuclear Implementation at the Department of State. And prior to his appointment, Ambassador Mull served as the Ambassador to Poland and as Executive Secretary of the State Department.

And we have Mr. Thomas Countryman. He is Assistant Secretary of the Bureau of International Security and Nonproliferation. He is a career member of the Senior Foreign Service. And Mr. Countryman most recently served as the Deputy Assistant Secretary for European Affairs.

Mr. Adam J. Szubin is Acting Under Secretary for the Office of Terrorism and Financial Intelligence at the Department of Treasury. He previously served as Director of Treasury's Office of Foreign Assets Control.

We welcome all three of our witnesses back to the committee.

And, without objection, all the full prepared statements of these witnesses will be made part of the record.

Members here will have 5 calendar days to submit any statements or questions or any other extraneous material for the record.

And so I will ask the Ambassadors if they would please summarize their remarks.

And we will start with Ambassador Mull.

STATEMENT OF THE HONORABLE STEPHEN D. MULL, LEAD COORDINATOR FOR IRAN NUCLEAR IMPLEMENTATION, U.S. DEPARTMENT OF STATE

Ambassador MULL. Thank you very much, Mr. Chairman, Ranking Member Engel, and all the members of this committee. It is great to be back here with you again today to talk about where we are in implementing what remains one of the highest priorities of the Obama administration, the Joint Comprehensive Plan of Action.

I am happy to report today that, so far, the JCPOA has been fully implemented by all of its participants according to its terms. I think it is important to recognize what an accomplishment that is toward advancing not only our national security, but that of our

closest friends and allies, particularly those in the Middle East. Because of our efforts to date and our success in this agreement, the security of the United States and our partners has been enhanced, and in conversation with allies and partners around the world, we regularly hear support from our closest friends for this deal.

As of implementation day in January under the JCPOA, Iran had completed dozens of the specific actions to limit, freeze, or roll back its nuclear program and subject it to greater transparency by the IAEA; that included shipping out 25,000 pounds, 98 percent of Iran's supply of enriched nuclear material; cutting its centrifuge enrichment program by more than two-thirds and subjecting itself to very tight controls going forward; and destroying the core of the Arak heavy-water reactor, which would have permitted the production of weapons-grade plutonium. And Iran's implementation together of all of these commitments increased the time it would take to produce enough fissile material for a nuclear weapon, the so-called breakout time, from roughly 2 months to more than a year. These actions were complemented by the historically comprehensive verification and monitoring measures specified in the JCPOA.

Iran is now subject to the greatest monitoring and verification regime in the history of nuclear power. Providing us with confidence that if Iran should seek to break out of its commitments, such an attempt would be detected, and we would have ample time to respond. At the same time, in this deal we have preserved our ability to snap back penalties that made this deal possible in the first place. As of now, we have not had to implement or take those measures of snapping back the penalties because Iran is fully compliant with the terms of the deal, as the IAEA verified in February and as I expect it will again in its next report in the coming weeks.

In exchange for Iran's meeting its nuclear commitments under the JCPOA, we met ours by lifting the so-called secondary sanctions on Iran. In an effort to provide greater clarity to the public and private sectors of what sanctions were lifted and what non-nuclear sanctions remain in place, we have been participating in outreach with the public and private sectors at the request of our foreign partners and foreign governments in order to explain U.S. commitments under the JCPOA. As long as Iran continues to meet its nuclear commitments, we will continue to meet our commitments on sanctions.

While we are encouraged by Iran's implementation of its nuclear commitments thus far, we have always recognized that the JCPOA would not resolve all of our concerns with Iran, and in fact, those concerns are still very much active.

Instead, the JCPOA was specifically aimed at addressing the most urgent issue of verifiably ensuring that Iran does not have a nuclear weapon. Thanks to our efforts to date, we have made significant progress toward that goal, and the United States and our partners remain safer because of those efforts.

I look forward to your questions later on in the hearing. Thank you.

[The prepared statement of Ambassador Mull follows:]

Ambassador Stephen D. Mull
Lead Coordinator for Iran Nuclear Implementation
House Committee on Foreign Affairs
Wednesday, May 25, 2016

Chairman Royce, Ranking Member Engel, and distinguished members of the Committee I am pleased to appear before you to discuss the status of implementation of the Joint Comprehensive Plan of Action, or the JCPOA. Thank you for the opportunity.

The finalization of the JCPOA in July 2015 was the culmination of a years-long process of tough and clear-eyed diplomacy. It also marked the beginning of a new process which will require similar vigilance and focus, the goal of which is to ensure the JCPOA is fully and effectively implemented and therefore that Iran is not able to obtain a nuclear weapon. I know that is a goal that we all share equally and I appreciate your continued interest in learning about our efforts.

I am happy to report today that, so far, the JCPOA has been implemented by all participants. It is important that we recognize what an accomplishment that is towards advancing our national security, and that of our allies and partners, particularly those in the Middle East. Because of our efforts to date, the security of the United States and our partners has been immeasurably enhanced and in conversations with allies and partners around the world, we regularly hear support for the JCPOA.

As of "Implementation Day" under the JCPOA, which was January 16 of this year, Iran had completed dozens of specific actions to limit, freeze, or roll back its nuclear program and subject it to greater transparency by the IAEA. It is worth highlighting a few of these actions, given their significance:

- Iran disconnected, removed, and placed in IAEA-monitored storage two-thirds of its installed centrifuge capacity, going from over 19,000 centrifuges to 5,060 used for uranium enrichment at Natanz. These 5,060 centrifuges are the most primitive in Iran's inventory.
- At its previously clandestine Fordow facility, Iran terminated all uranium enrichment and removed all nuclear material.
- Iran reduced its stockpile of up-to-five percent low enriched uranium by 98 percent, going from roughly 12,000 kilograms, where it was when we reached the JCPOA last July, to 300 kilograms or less with an enrichment limit of no more than 3.67 percent, where it must stay.

- Iran removed the core of the Arak heavy water research reactor and filled it with concrete, rendering it permanently inoperable.

Iran's implementation of these and other key nuclear-related commitments increased the time it would take to produce enough fissile material for a nuclear weapon – the so-called "breakout time" – from roughly two-to-three months prior to the JCPOA to at least one year.

These actions were complemented by the enhanced verification and monitoring measures specified in the JCPOA. Among them were increased IAEA access to Iran's uranium mines, continuous monitoring of Iran's uranium mills, and continuous monitoring of Iran's centrifuge production, assembly, and storage facilities. Moreover, Iran is provisionally applying the IAEA Additional Protocol (AP), which allows for much broader IAEA information and access in Iran, and implementing Modified Code 3.1, requiring early notification of construction of new nuclear facilities or modification of existing ones.

In other words, Iran is now subject to even greater IAEA scrutiny, providing us with confidence that, should Iran seek to break out of its commitments, such an attempt would be detected and we would have ample time to respond.

Since Implementation Day, we have maintained focus on ensuring Iran is fulfilling all of its nuclear-related commitments in a complete and verifiable manner. We were pleased to see that, when the IAEA issued its first JCPOA monitoring report in February, it reflected the many steps Iran is taking to implement the JCPOA. And without question, Iran's continued implementation of its nuclear-related commitments under the close watch of the IAEA is in the national security interest of the United States and our partners and allies.

As you know, in exchange for Iran meeting its nuclear-related commitments under the JCPOA, we met our JCPOA commitments by lifting nuclear-related secondary sanctions on Iran. As Acting U/S Szubin has explained, non-nuclear sanctions remain and are an important tool, among others, to respond to Iran's harmful activities.

As long as Iran continues to meet its nuclear commitments, we will continue to meet our JCPOA sanctions commitments. And it is in our interest and that of the international community to ensure that the JCPOA works for all participants, and that the Iranian people begin to experience the benefits of sanctions lifting. The JCPOA has already started to deliver benefits, as evidenced by public reports of

trade deals and increasing international commercial and economic activity with Iran.

Some of you may have seen Iranian statements about the United States not living up to its commitments. Let me state unequivocally, the United States has fulfilled all of our commitments under the JCPOA – the lifting of sanctions is working. Today, Iran is able to do far more than it was able to under the crushing pressure of sanctions impacting nearly every sector just several months ago.

However, businesses decisions are complex. They take into account a variety of factors. As Secretary Kerry has stated repeatedly, every bank or business will make its own decisions about whether to do business in Iran, and the United States will not stand in the way of business that is now permitted. From a U.S. legal perspective, international firms or financial institutions may engage with Iran, as long as they do not involve the U.S. financial system or U.S. persons and avoid working with entities that remain on our sanctions list.

We understand that firms continue to have specific sanctions-related questions or concerns about doing business in Iran. In an effort to provide greater clarity to the public and private sectors on what sanctions were lifted and what non-nuclear sanctions remain in place, the Departments of State and Treasury have been participating in extensive outreach with the public and private sectors, mostly at the request of other governments, in order to explain U.S. commitments under the JCPOA. Our engagement is focused on providing clear information about U.S. sanctions laws in order to assist companies in ensuring that their activities are consistent with the JCPOA and U.S. law and therefore not sanctionable or prohibited.

Under the JCPOA, we lifted our nuclear-related secondary sanctions. The lifting of nuclear-related secondary sanctions created the foundation for a new future and direction for Iran, but Iran must make its own decisions on pursuing this path. To take full advantage of the economic opportunities created, Iran must address domestic issues that also influence international business decision-making– including the lack of transparency in its financial and business sectors as well its own provocative actions, such as the repeated testing of ballistic missiles, state sponsorship of terrorism, and unjust detention of dual-nationals.

Looking ahead, we will remain committed to ensuring the successful implementation of the JCPOA because it makes us all safer. We will continue to monitor its full implementation through, among other mechanisms, the Joint

Commission it established. In April, I joined Under Secretary of State for Political Affairs Tom Shannon at the third meeting of the Joint Commission. The meeting provided an opportunity to review the full range of nuclear and sanctions implementation issues.

While we are encouraged by Iran's implementation of its nuclear commitments thus far, we have always recognized that the JCPOA would not resolve all of our concerns with Iran. Instead, the JCPOA was specifically aimed at addressing the most urgent issue of verifiably ensuring Iran does not obtain a nuclear weapon. Thanks to our efforts to date, we have made significant progress toward that goal, and the United States and our partners remain safer because of these efforts. However, more work remains. We will continue to watch closely to ensure Iran does everything it committed to do. I also pledge to continue consulting with you as these efforts continue. Thank you again for the opportunity.

Chairman ROYCE. Thank you, Ambassador.

Mr. Countryman.

STATEMENT OF THE HONORABLE THOMAS M. COUNTRYMAN, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL SECURITY AND NONPROLIFERATION, U.S. DEPARTMENT OF STATE

Mr. COUNTRYMAN. Chairman Royce, Ranking Member Engel, members of the committee, I want to thank you for your service and in particular for this invitation. It is always an honor for me.

Ambassador Mull has laid out our progress in the successful implementation of the Joint Comprehensive Plan of Action. My bureau is focused upon giving full support to those implementation activities. And among a number of functions, I would emphasize helping to assure that the International Atomic Energy Agency has the independence, the expertise, and, above all, the resources needed for full implementation of the JCPOA. And thanks to the support of Congress, I am happy to say that the IAEA in fact has sufficient resources and expertise to do this mission.

In the future, besides the Iran mission, the IAEA does a number of other functions that are central to U.S. national security. And I look not only to this administration and Congress but to future administrations and Congresses to ensure that the IAEA continues to have those important resources, both for implementation of this agreement and for the full range of its functions.

And in the interest of diligent, scrupulous implementation of the JCPOA, it would be extremely valuable for the Senate to confirm a highly qualified individual, Laura Holgate, to be our full-time confirmed Ambassador to the U.N. missions in Vienna.

While the threat of a nuclear-armed Iran has been addressed through implementation of this agreement, we recognize that, like every previous arms control agreement negotiated by any administration, an arms control agreement does not change the full range of behavior of the partner or adversary with whom we are negotiating. And so there remains a need, as both the chairman and ranking member have noted, to address the full range of serious misbehavior by the Iranian regime.

The particular responsibility of my bureau is to address the ballistic missile program of Iran as well as a number of other proliferation-related efforts in the conventional field as well. We do this through the rigorous implementation of sanctions; that is, by designating, in partnership with the Department of the Treasury, those entities in Iran responsible for the weapons program. And we have designated every major entity in Iran associated with the ballistic missiles program. We will continue to do so as new information becomes available.

At the same time, I will give you my personal opinion that it is not U.N. resolutions, or designations, or sanctions that cause Iran to change its calculus and its interest in the ballistic missile program. But what we can do to slow and deter and make their missile choices painfully expensive to the Iranian regime is rigorous enforcement of strategic trade control. And we do that not only in partnership with a wide range of U.S. agencies but in partnership with more than 40 countries under the Missile Technology Control

Regime, with more than 100 partner countries under the Proliferation Security Initiative, and as a result, all the legally binding restrictions on missile technology for Iran that are contained in U.N. resolutions are successfully implemented, not to the point—and I admit this first—of preventing Iran from a continued interest in these programs. But I can assure you of our continued diligence in using not just declaratory statements but actual tools of interdiction and export control to slow Iran's progress.

And, of course, beyond my bureau's purview, we work closely with our regional partners, including the Gulf Cooperation Council and Israel, to bolster their defenses against a continuing military threat from Iran. We have no intention of reducing our focus on Iran's other programs, even as we continue with the successful implementation of the JCPOA.

Thank you. And I look forward to your questions.

[The prepared statement of Mr. Countryman follows:]

Statement of
The Honorable Thomas M. Countryman
Assistant Secretary for International Security and Nonproliferation
U. S. Department of State

Before the
House Foreign Affairs Committee
May 25, 2016

"Iran Nuclear Deal Oversight: Implementation and its Consequences (Part II)"

Chairman Royce, Ranking Member Engel, and Members of the Committee, thank you for inviting me today to discuss our nonproliferation efforts related to Iran. Ambassador Mull has clearly laid out our progress in implementing the Joint Comprehensive Plan of Action (JCPOA), which has increased our security and cut off the threat of a nuclear armed Iran. Ensuring Iran's full implementation of its nuclear-related commitments under the JCPOA is one of our highest priorities. My team is working hand-in-hand with Ambassador Mull's to make certain that the international nuclear safeguards regime, in which the International Atomic Energy Agency (IAEA) plays a critical role, works seamlessly in providing unprecedented verification and monitoring in Iran as spelled out in the JCPOA.

The IAEA's monitoring role is essential to the success of the JCPOA, and thanks to sustained and strong Congressional support for U.S. contributions to the IAEA, we maintain the ability every year to support urgent, high-priority projects such as IAEA monitoring in Iran. While we are ensuring that needed JCPOA-related resources are made available to the IAEA, we also continue to support the

IAEA's vital global missions in nuclear safeguards, security, and safety. Beyond Iran-related support, we will continue to be the IAEA's most significant contributor, providing essential funding, technical support, and expertise, commensurate with the key role the IAEA plays in advancing a wide variety of U.S. interests. We will also continue to work with international partners and with the Congress to ensure that necessary resources are made available to the IAEA throughout the duration of the JCPOA. As we carry forward this important work, it is essential that we have a confirmed Ambassador to this vital post, so I urge Congressional support for quick Senate action to confirm Laura Holgate, the President's highly qualified nominee, as the U.S. representative to the IAEA in Vienna.

While the threat of a nuclear-armed Iran has been addressed through implementation of the JCPOA, Iran's continued conventional weapons proliferation and its efforts to develop increasingly capable ballistic missile systems remain among our most important nonproliferation challenges, and pose very real threats to regional and international security. As we have for many years, we continue to apply a wide range of multilateral and unilateral tools to address Iran's prohibited proliferation efforts, and our deployment of these tools remains uninterrupted by the implementation of the JCPOA.

On Implementation Day of the JCPOA, the provisions of previous United Nations Security Council resolutions (UNSCRs) on Iran were terminated, and new measures in UNSCR 2231 (2015) regarding Iran's nuclear, conventional arms, and ballistic missile related activities went into effect. Importantly, UNSCR 2231 maintains all previous legally binding requirements on states to deny Iran access to prohibited items, materials, and technology, absent advance approval by the Security Council.

Regarding Iranian procurement for its ballistic missile program, UNSCR 2231 prohibits States from transferring all items, materials, equipment, goods, and technology set out in the Missile Technology Control Regime (MTCR) Technical Annex to Iran, unless the Security Council decides in advance on a case-by-case basis to permit such activities. These prohibitions also apply to any other items a state determines could contribute to the development of delivery systems for nuclear weapons. As a permanent, veto-wielding member of the Security Council, we would not approve any activities that would benefit Iran's missile program, and our opposition alone would block any Iranian request to acquire such items. Our policy on Iran's ballistic missile program has not changed – Iran must cease this work, including ballistic missile launches.

UNSCR 2231, which was unanimously approved by the Security Council, calls upon Iran to not undertake any activity related to ballistic missiles designed to

be capable of delivering nuclear weapons, including launches using ballistic missile technology. In October 2015, under UNSCR 1929, the United States, in coordination with our international partners, reported an Iranian test of a medium range ballistic missile to the United Nations Security Council, where other Security Council members joined us in condemning the launches. We will continue to call on the UN Security Council to address this serious matter under UNSCR 2231, as we did most recently with Iran's March 2016 launches, to shine a spotlight on such destabilizing activities, and to increase the political, diplomatic, and reputational costs to Iran as a consequence of these activities.

Our unilateral and multilateral efforts to prevent Iran from obtaining missile technology and expertise, including through enforcement of the Council's continuing prohibitions on Iran's access to such technology, have been essential in constraining Iran's missile program. The Council's missile-related prohibitions remain in place for a period of eight years from Adoption Day, or until the IAEA reaches the Broader Conclusion that all nuclear material in Iran remains in peaceful activities. But even after this time, we will maintain extensive unilateral and multilateral capabilities to address any continuing concerns regarding Iran's missile development.

For example, all the sanctions authorities we need are already in place and we have repeatedly used our own domestic authorities to sanction entities involved

in Iran's ballistic missile program, and will continue to do so, as warranted. On January 17, the day after Implementation Day of the JCPOA, the United States designated eight individuals and three entities involved in networks aimed at procuring materials and other equipment for Iran's ballistic missile program. Following further Iranian short and medium-range missile launches in March 2016, the United States designated two Iran-based entities directly involved with Iran's ballistic missile program. These designations block the assets of those individuals and entities, thereby isolating them from the U.S. commercial and financial systems. These designations also have secondary effects, meaning that non-U.S. persons that engage in certain transactions with the designated persons could be sanctioned themselves, and foreign financial institutions could be denied access to the U.S. financial system for knowingly facilitating certain transactions with such designated persons.

At the same time, Iran's continued development of its ballistic missile program and corresponding missile tests are not a violation of the JCPOA, as the focus and purpose of the JCPOA is to cut off all of Iran's potential pathways to building a nuclear weapon. We have long said that the JCPOA was not predicated on any change in Iranian behavior – including its missile development efforts – other than specific changes that would have to be made to its nuclear program. Full implementation of the JCPOA by Iran will ensure that Iran's nuclear program

is and will remain exclusively peaceful, and that Iran will not be able to produce a nuclear warhead.

While full implementation of the provisions of the JCPOA and UNSCR 2231 will reinforce our nonproliferation efforts with respect to Iran, we also rely on a broad set of other multilateral and unilateral tools to impede and disrupt Iran's destabilizing regional activities, and are working closely with our partners, including the GCC and Israel, to assist in this effort. One example of our cooperation to disrupt Iran's proliferation activities is the September 2015 seizure of the Nasir dhow carrying a large cache of arms and related materiel that we assess originated from Iran and was bound for the Houthi insurgents in Yemen. The United States reported this interdiction to the relevant sanctions committees at the UN, and since that time, international naval forces operating in the waters of the Arabian Sea have in recent months seized three additional shipments of illicit arms, which we assess originated in Iran and were again ultimately bound for the Houthis.

Other examples of our cooperation to disrupt Iran's malign activities include continued diplomatic and sanctions pressure on Mahan Air, Meraj Air, and Caspian Air; ongoing security cooperation with the GCC following the Camp David summit; sanctions on a range of Iranian entities for actions in Syria; Israel's seizure of the Klos C vessel carrying weapons bound for Gaza in 2014; and,

military and diplomatic efforts to prevent an Islamic Revolutionary Guard Corps (IRGC) naval flotilla from docking in Yemen in April 2015.

Multilaterally, we also continue to work with our international partners – including the 105 governments around the world that have endorsed the Proliferation Security Initiative (PSI) – to interdict weapons of mass destruction (WMD) components, their delivery systems, and related items, including prohibited items being transferred to Iran. We also use our participation in the multilateral export control regimes – including the MTCR, the Nuclear Suppliers Group, the Australia Group, and the Wassenaar Arrangement – to prevent the spread of sensitive goods and technologies, and raise awareness among the other regime members of the proliferation concerns posed by Iran's prohibited procurement and proliferation activities.

We bolster these multilateral efforts through our bilateral cooperation with countries to prevent and interdict prohibited shipments to Iran, promote full UNSCR implementation by all of our partners, and target Iranian missile and conventional weapons proliferation activities in third countries. We also continue our extensive missile defense cooperation with allies and partners, including Israel, NATO, and the Gulf Cooperation Council, to defend against ballistic missile threats, including from Iran. And we continue to use unilateral authorities to impose sanctions on individuals and entities that have engaged, or attempted to

engage, in activities or transactions that have materially or financially contributed to, or pose a risk of contributing to, Iran's prohibited activities and support networks.

Even as we take steps to ensure the full implementation the JCPOA, we have no intention of reducing our focus and determination to prevent Iran's destabilizing activities in the region and its conventional and ballistic missile-related proliferation. Thank you again for the opportunity to discuss these important security issues with you. I look forward to your questions.

Chairman ROYCE. Thank you, Mr. Secretary.

STATEMENT OF MR. ADAM J. SZUBIN, ACTING UNDER SECRETARY, OFFICE OF TERRORISM AND FINANCIAL INTELLIGENCE, U.S. DEPARTMENT OF THE TREASURY

Mr. SZUBIN. Chairman Royce, Ranking Member Engel, and members of the committee, thank you for inviting me to appear today to discuss our implementation of the Joint Comprehensive Plan of Action, the JCPOA.

Very soon after I joined the Treasury Department in 2004, we saw with alarm the progress that Iran was making in its covert nuclear program and understood that this was a national security threat of the highest order. From that time, the talented women and men in my office have devoted literally tens of thousands of hours to address this threat. It has been an effort like nothing I have ever seen: Working with the intelligence community to identify and track Iranian front companies and their movements of funds through hidden accounts; working with the private sector here and abroad to strengthen the vigilance with respect to Iran; working with law enforcement and regulators to hold sanctions violators accountable; working with our diplomats and with foreign counterparts to make clear to Iran that the price of their nuclear program was complete isolation from the international community; and working with you in Congress, particularly here in this committee, in a bipartisan effort to sharpen our sanctions tools, deepen their impact, and bring Iran to the table.

After nearly a decade, the accumulated pressure had its intended effect. The Iranian people rejected the course that their government had charted and elected President Rouhani to ease the pressure and obtain a better economy and a brighter future for the Iranian people.

The JCPOA was a tremendous breakthrough. It represents a peaceful solution to what had been one of the world's most serious national security threats. Iran was a few months from having enough fissile material for a potential nuclear weapon, and it was advancing. Now, Iran's breakout time has been extended to beyond a year, and we are safer because of it.

Since Iran has kept its end of the deal, we must uphold ours. It is in our national security interest to ensure that the JCPOA works as intended and stands the test of time. It is, therefore, important that we fulfill all of the commitments we made in the deal.

Iran is already seeing benefits under this deal. It has been able to open new banks accounts. It has been able to gain access to billions of dollars in reserves. And its oil exports to Europe have recovered to about one half of their pre-sanctions levels.

That said, some companies and banks around the world continue to have concerns about doing business in Iran. Some are concerned about their financial transparency, the designation of Iran is a high-risk jurisdiction by FATF, the Financial Action Task Force, the world's standard setting body for anti-money-laundering and counterterrorist financing. Others are noting concern about corruption as well as regulatory and other obstacles to conducting business in Iran, and still others cite Iran's provocative behavior out-

side the nuclear file, including its active support for terrorism and its ballistic missile testing.

As President Obama said recently, Iran has to understand what every country in the world understands, which is businesses want to go where they feel safe, where they don't see massive controversy, where they can be confident that transactions are going to operate normally.

As Iran pursues more business, it is incumbent on Iran to address such problems to undertake meaningful reforms and create an environment in which businesses feel secure.

I have talked a bit about the sanctions relief that we have delivered, but I also want to be clear about what this deal does not mean. First, with certain limited exceptions, the primary U.S. embargo on Iran remains in place, including the prohibitions on U.S. persons investing in Iran and the prohibitions on Iran accessing U.S. markets and banks. Along these lines, let me say clearly that we have not promised nor do we have any intent to give Iran access to the U.S. financial system or reinstate what is known as the U-turn authorization.

Additionally, we have maintained all of our sanctions designed to counter Iran's malign activities outside of the nuclear file. Iran continues to be the world's leading sponsor of terrorism and to play a significant and negative role in destabilizing the region. Under our current sanctions regime, we have designated more than 200 Iranian-linked firms and individuals on non-nuclear grounds; that includes the IRGC, the Quds Force, their subsidiaries, their senior officials, their front companies and agents, all of whom we are continuing to target and expose. That also includes major Iranian defense and missile entities, as noted by Assistant Secretary Countryman, which are behind Iran's current ballistic missile work.

Indeed, since the implementation of JCPOA, we have continued to target new Iranian actors, including key supporters of their ballistic missile program, agents of Mahan Air, the Quds Force support airline, and central Hezbollah money-laundering individuals. Indeed, I can tell you that, after many years of targeting Hezbollah, today the group is in its worst financial shape in decades.

Ultimately, we have been and will remain clear eyed about the nature of the threat posed by Iran. And we will continue to combat these threats using the range of tools at our disposal, including our sanctions and by designating new targets, as appropriate.

I want to thank this committee again for inviting me to appear today. And I look forward to our continued work with your committee and to your questions.

[The prepared statement of Mr. Szubin follows:]

Written Testimony of Adam J. Szubin, Acting Under Secretary for Terrorism and Financial Intelligence
United States House Committee on Foreign Affairs
"Iran Nuclear Deal Oversight: Implementation and its Consequences (Part II)"
Wednesday, May 25, 2016

Chairman Royce, Ranking Member Engel, and Members of the Committee:

Thank you for inviting me to appear today to discuss implementation of the Joint Comprehensive Plan of Action (JCPOA), the nuclear deal we reached with our key partners and Iran. I am pleased to be here with my colleagues from the State Department.

I'll begin by explaining how the JCPOA has removed the threat posed by Iran's nuclear program – and how our persistent sanctions and diplomatic efforts helped achieve that result. I'll then outline the role non-nuclear sanctions continue to play in our approach to Iran, and describe our strategy to enforce those sanctions going forward.

The JCPOA

Since I started at the Treasury Department, in 2004, preventing Iran from acquiring a nuclear weapon has been a national security priority of the highest order. For more than a decade, we worked to ensure that Iran had no potential pathway to a nuclear weapon.

We did that by designing a sophisticated, targeted sanctions regime, and combining it with sustained diplomatic efforts to achieve multilateral support for our sanctions. Together with our partners in Congress and the international community, we imposed sanctions that put massive costs on Iran. That helped bring Iran to the negotiating table, and culminated in the JCPOA.

The JCPOA is a tremendous diplomatic breakthrough. It is a peaceful means of eliminating one of the world's most persistent national security threats – a nuclear armed Iran. And it has already paid huge dividends.

On January 16, the IAEA confirmed that Iran had completed its nuclear-related commitments in the deal. The IAEA has verified that Iran has reduced its stockpile of enriched uranium by 98 percent, removed 2/3 of its centrifuges, permanently disabled its reactor at Arak, and removed all fissile material from its underground facility at Fordow.

Iran has also accepted an unprecedented and comprehensive transparency and verification regime, including continuous monitoring of all of its declared nuclear facilities. In addition, Iran has committed to under no circumstances ever seek, develop or acquire any nuclear weapons, and agreed to prohibitions on activities that could contribute to the design and development of a nuclear explosive device.

Our diplomacy bore fruit. Iran was a few months from having enough fissile material for a potential nuclear weapon, and it was steadily advancing. Now, Iran's breakout time has been extended to beyond one year, and we are all safer because of it.

The JCPOA represents a sea change. It ensures that Iran's nuclear program is and will remain exclusively peaceful. And it is the most powerful example we have of how a multilateral sanctions effort, coupled with tough and principled diplomacy, can succeed.

Our JCPOA Commitments

Since Iran has kept its end of the deal, we must uphold ours.

We've done so by lifting the sanctions we committed to lift, once the IAEA verified that Iran delivered on its nuclear-related commitments under the JCPOA.

Let me reiterate what President Obama, Secretary Lew, and Secretary Kerry have all made clear: we are not standing and will not stand in the way of permissible business activities involving Iran. Nor are we blocking Iran's access to funds that are no longer restricted following the implementation of the JCPOA, or encouraging others to do so.

That will remain true for as long as Iran upholds its end of the bargain. Because creating economic pressure, on its own, was never the purpose of our nuclear-related sanctions. Instead, the goal was to help bring Iran to the negotiating table, where Iran would accept far-reaching constraints on its nuclear program in exchange for certain sanctions relief.

Iran has verifiably implemented its nuclear commitments. We, in turn, have kept our commitment to lift the nuclear-related secondary sanctions that had been in place. We've also issued clear and specific guidance explaining what that means – just as we do when we make significant changes to any sanctions program.

It is in our national security interest to ensure that the JCPOA works as intended and stands the test of time. And it is therefore important to fulfill all of the commitments we made in the deal.

To do otherwise would not only undermine Iran's incentive to comply with the deal's terms. It would also undermine our own international credibility, and our corresponding ability to use sanctions to change behavior in the future across the range of national security threats we target with our sanctions programs.

The Impact Thus Far

Iran is already seeing the benefits of this deal. It has opened new banks accounts around the world. It has gained access to billions of dollars in reserves. And its oil exports to Europe have recovered to about half of pre-sanctions levels.

That said, some are still hesitant in dealing with Iran. That was to be expected.

That does not mean that we have failed to live up to our end of the bargain. We have kept every single commitment we've made in the JCPOA, lifting all nuclear-related secondary sanctions as promised.

What it does indicate is that, even with the nuclear concerns resolved, international companies still have concerns about doing business in Iran. Many of these concerns are not about sanctions.

Some are concerned about Iran's financial transparency standards, and the designation of Iran as a high-risk jurisdiction by the Financial Action Task Force, the world's standard-setting body for anti-money laundering and counterterrorist financing. Others have noted concerns about corruption, as well as regulatory and other obstacles to conducting business in Iran. And still others are concerned by Iran's provocative non-nuclear behavior, including its active support for terrorism and ballistic missile testing.

As President Obama said recently: "Iran has to understand what every country in the world understands, which is businesses want to go where they feel safe, where they don't see massive controversy, where they can be confident that transactions are going to operate normally."

As Iran pursues more business, it is incumbent on Iran to address such problems – to undertake meaningful reforms, and create an environment in which businesses feel secure.

The Sanctions that Remain

I've talked about the sanctions relief commitments we have delivered under the JCPOA. But I also want to be clear about what the deal does not mean.

First, with certain limited exceptions, we have not changed the primary U.S. embargo on Iran.

The embargo long pre-dates our concerns with Iran's nuclear program. In addition to longstanding humanitarian exceptions, the JCPOA includes limited exceptions to the embargo, covering the case-by-case licensing of the sale of commercial passenger aircraft, parts, and services, the import into the United States of Iranian-origin foodstuffs and carpets, and certain activities of foreign subsidiaries of U.S. companies. But the embargo otherwise remains as is.

That means we will continue to prohibit U.S. persons from investing in Iran, importing or exporting to Iran most goods or services, or otherwise engaging in commercial or financial dealings with most Iranian persons or companies. Iran will also continue to be denied access to U.S. markets.

Along these lines, let me also say clearly that we have not promised, nor do we have any plans, to give Iran access to the U.S. financial system, or to reinstate what's called the "U-turn" authorization.

Additionally, we have not lifted any of our sanctions designed to counter Iran's destabilizing activities outside the nuclear file. As we made clear to Iran and our international partners all along, the JCPOA does not affect our non-nuclear sanctions.

These sanctions are not just words on paper. We are vigorously enforcing them.

As we do so, we bear in mind that such sanctions are not means to punish or vent frustration. They are intended, together with other tools, to pressure Iran to change its strategic calculus on terrorism and regional destabilization, on ballistic missiles, and on human rights – just as our now-lifted nuclear sanctions helped to push Iran to change its calculus on its nuclear program. And if Iran makes such a change, then these sanctions, too, could one day be lifted.

Yet, Iran continues to be the world's leading state sponsor of terrorism, and to play a significant role in destabilizing the region. It supplies funding and weapons to Hizballah, to the Asad regime, and to the Houthis in Yemen. It continues to develop its ballistic missile program, in contravention of UN Security Council provisions. And it continues to violate human rights.

Thanks to Congress and the President, we already have the sanctions authorities necessary to counter this type of activity. And I can tell you, as someone who has spent his career designing and enforcing sanctions against Iran – our existing authorities are extremely powerful.

Any Iranian or Iran-related person that we have sanctioned and put on our SDN List – or that we add to the list in the future – is subject to secondary sanctions. That is a stark threat: a foreign bank that does business with such a person could face a total cutoff from the U.S. financial system.

Under our current sanctions regime, more than 200 Iran-linked firms and individuals remain sanctioned on non-nuclear grounds. That number includes the Islamic Revolutionary Guards Corps, or IRGC, the Qods force, and their subsidiaries and senior officials – all of whom we will continue to target and expose.

That number also includes major Iranian defense entities, which have done much of Iran's ballistic missile work. Indeed, since the implementation of the JCPOA, we have continued to impose sanctions on supporters of Iran's ballistic missile program.

Since the implementation of the JCPOA, we have also continued to impose sanctions targeting Iran's support for terrorist proxies.

Hizballah is a key example. In late January, we sanctioned a major Hizballah financial support network, which was laundering criminal proceeds to support Hizballah's terrorism and destabilizing activity. And just last month, we published new sanctions regulations to implement the Hizballah International Financing Prevention Act of 2015 – a law which gives us yet more tools in our campaign to destroy Hizballah's financial networks.

After many years of sanctions targeting Hizballah, today the group is in its worst financial shape in decades. And I can assure you that, alongside our international partners, we are working hard to put them out of business. The JCPOA has no impact on our efforts on this front.

Ultimately, we are clear-eyed about the nature of the non-nuclear threats posed by Iran. We will continue to combat these threats using a range of tools at our disposal – including by enforcing existing sanctions, and by designating new targets when appropriate.

Conclusion

In closing, I want to reiterate that, thanks to the JCPOA, we can now counter such threats with the nuclear threat off the table – putting us, our allies, and the world in a safer position.

I also want to assure this Committee that the Treasury Department will continue to work closely with Congress as we implement our existing sanctions to counter Iran's non-nuclear activity, and to serve our overall national security goals – just as we did in the years preceding the JCPOA.

Thank you again for inviting me to appear today. I look forward to your questions.

Chairman ROYCE. Thank you, Mr. Szubin. And I do appreciate your work in terms of targeting Hezbollah. The legislation that I and Eliot Engel passed and the committee passed in December to the President's desk, and your implementation of that is appreciated.

But you noted in your testimony that the United States has, in your words, "no plans to give Iran access to the U.S. financial system." I appreciate that clarification. However, that hasn't been the source of our concern.

Let me be specific here. Does the United States have any plans to offer Iran the ability to access offshore dollar-clearing facilities to allow for dollar-denominated transactions and ease Iran's ability to trade internationally, or are there plans for the administration to allow the Iranians to conduct large-scale dollar-denominated transactions and dollar clearing in any form?

And your testimony, as I heard it, studiously avoided that question, so let me put that to you.

Mr. SZUBIN. Thank you, Mr. Chairman, for the question. And I welcome the chance to clarify an area that I think has been the subject of a lot of confusion and concern.

Our sanctions, our primary sanctions in the U.S., control what U.S. actors can do and what they cannot do. It governs the conduct of U.S. actors anywhere they reside in the world. So, for example, a branch of a U.S. bank in Europe, in East Asia has to behave like a U.S. person here in Washington or here in New York.

Our sanctions, on the other hand, do not control the actions of non-U.S. persons, whether or not the currency they are using is the dollar, euro, pound, or the yen. To be very specific, every foreign bank in the world has U.S. dollars in their possession. It is, thankfully, the international currency of choice for international trade. That means banks in Europe, Japan, and China all hold dollars in their vaults. Our sanctions don't extend to those dollar bills. And foreign actors aren't under our jurisdiction if they chose to give those to any actor, including an Iranian actor.

So I just want to be clear as to the contours of our jurisdiction in response to offshore dollar clearing. That is something that is beyond our jurisdiction.

Chairman ROYCE. But that seems to have a different intent than the response the Treasury Secretary gave me when I asked him in the Financial Services Committee. I asked the Treasury Secretary—I think it was 2 months ago—if he stood by his testimony during the agreement's consideration in which we were assured they would not have access. Instead of shutting the door right there, Secretary Lew said his focus was on making sure Iran gets relief. And 2 months since, the President still has not responded to my letter on this question.

So there has been ample time for the administration to bring absolute clarity to this question. And the concern is that while Iran wouldn't be allowed direct access to the dollar, you could structure a scheme offshore that would have similar impact. So I just remind you it is the Treasury yourself—it is your department—that has declared the entire territory of Iran as a primary money-laundering concern, and that means that any financial transaction with Iran or any offshore scheme that is set up risks supporting the regime's

ongoing illicit activities, including ballistic missile activities or anything else.

Let me go to a question for Assistant Secretary Countryman.

Mr. SZUBIN. May I be able to clarify something?

Chairman ROYCE. Yes. You can clarify it, but Iran is pushing this, right? I read the translations of the Iranian papers. I see what they are pushing for, but go ahead.

Mr. SZUBIN. Yes. Thank you for the opportunity.

I just wanted to clarify that Secretary Lew has made himself clear on the record in public, and of course, we look forward to responding to your letter to be clear in writing as well. But he has said exactly what I have said here today, and I know he was looking forward to me being here to be able to relay his views on this. Iran will not have access to our financial system.

Chairman ROYCE. Perfectly fair, but when I asked him the question, the focus was on making sure Iran gets relief.

So let me go to the next question, and this is to Assistant Secretary Countryman, the last question I will ask here. In your testimony, you put stock in the new U.N. Security Council Resolution 2231 and its provisions related to Iran's ballistic missile program.

Now it is well documented that, before the deal, Iran was legally bound by U.N. Security Council Resolutions not to test ballistic missiles. Now here is the problem in a negotiation—the first problem, one that the members of the committee are already aware of, and that is that the administration agreed to a change. Instead of saying "shall not," the change was "Iran shall be called upon not to." So that was watered down.

But there is other language in there, new language that focuses on Iranian missiles designed—and this is something that, frankly, I missed—designed to be capable of delivering nuclear weapons, while it previously focused on missiles capable of delivering nuclear weapons. Okay? So what was the rationale for using the words "missile designed to be capable of" instead of simply "missiles capable of"? If I could ask that.

Mr. COUNTRYMAN. I don't know the answer. I was not involved in the negotiations. I will get you an answer if I can. I would note that the new Resolution 2231 does not change the substantive prohibition on provision of any kind of ballistic missile technology to Iran.

Chairman ROYCE. Well, wait, but you have the Iranian Foreign Minister saying that that word in these negotiations, "designed"—he said: "It took me 7 months to negotiate." So everybody knew what it meant.

And so what they are saying now is with the changed "Iran shall be called upon not to" rather than "not to," that they can go forward full speed with their ICBM program, and that is what they are doing. As we sit here, that is what they are doing. And it is not as though they are hiding the intent. They combined that with the rhetoric "death to America, death to Israel."

I just think we have a situation—well, let me let you respond.

Mr. COUNTRYMAN. I don't believe Iran has ever hidden its intent to continue developing ballistic missiles nor has it slowed down doing so, no matter what administration took what steps.

Chairman ROYCE. But here is what we have: We have a situation now where the Security Council—I mean, what can we point to where we can say the Security Council now is taking action against Iran's missile program? None that I can see.

Mr. COUNTRYMAN. I understand we have fewer rhetorical points to make. I don't focus on the rhetoric. I focus on the active effort to deny the export of technology from advanced countries to Iran. I understand that Iran's interpretation is different from ours.

Chairman ROYCE. But our difficulty here is that we have now given Russia or we have given Beijing the ability to interpret this differently. We have forever now a less effective constraint on Iran's missile program than we had before. And on top of that, we now see Iran asserting this in the international community, and we don't see the pushback from the United States. This is the point I wanted to make to you.

My time has expired. I will go to our ranking member, Mr. Engel of New York, for his questions,

Mr. ENGEL. Thank you, Mr. Chairman.

Mr. Szubin, let me ask you this: When Congress was considering whether to oppose a nuclear deal with Iran, we heard various statements from administration officials that Iran's non-nuclear behavior, which is, of course, supporting the terrorists, human rights violations, advancing their ballistic missile program; that those things would be outside of the scope of the deal. Yet, since implementation to today, we have heard a different message: No new sanctions. We have heard that from the administration: No new sanctions, even if they are outside the scope of the deal.

So can you clarify the administration's position, because I thought that we were told that, in their support, Iran's support, for terrorism, that we could slap additional sanctions on it, and it would not violate the JCPOA, if Iran had launched missiles, ballistic missiles, and we wanted to penalize them, that that would not butt heads with the JCPOA? But, now, we hear differently, so would the administration veto new non-nuclear sanctions against Iran if the new sanctions are not intended to relist delisted entities?

Mr. SZUBIN. Thank you Ranking Member Engel.

Mr. ENGEL. Let me also say—I am sorry—let me also say, when you are giving the answer, would the imposition of non-nuclear sanctions violate our obligations under the JCPOA?

Mr. SZUBIN. I appreciate the opportunity to clarify the administration's views on this. And I would also offer Ambassador Mull, if he wants to come in when I conclude——

Mr. ENGEL. Certainly.

Mr. SZUBIN [continuing]. To provide his view from the State Department. Our view has not been no new sanctions since implementation day. In fact, to the contrary, you have seen the administration announce multiple rounds of new sanctions designations in exactly the areas you are talking about: Iran's support for terrorism, their ballistic missile program, Hezbollah, Mahan Air.

We have been continuing on our path to knock out the key proxies that these companies are using to procure materials and to move money. So we have been very consistent on that from exactly, as you said, our statements announcing the deal and on through-

out, including, less than 2 months ago, new designations of the Quds Force affiliated airline, Mahan Air, and new designations against the liquid propellant missile companies within Iran that work under SHIG, the Shahid Hemmat Industrial Group.

With respect to new legislation, I think the administration's view consistently has been there is no inconsistency with the JCPOA if it is outside the nuclear space so long as it doesn't undermine and interfere with our commitment to fulfill what we committed to fulfill in the deal.

Then the question becomes very much what specific legislation looks at and what are the details.

Mr. ENGEL. Well, because I think that while the President has the authority under existing law to sanction Iran, and the President has, which I support, I think it is not so terrible to have Congress come up with new sanctions if we feel Iran is violating its agreements.

Certainly, in the launching of the ballistic missiles, the chairman spoke about that, with "Death to Israel" on it. To me that is provocation. And when they continue to support terrorists, that is a provocation. And I think that sometimes it is important for the Congress to speak out on these things. We have been having a lot of hearings on Iran and the implementation of JCPOA, and in some of our previous hearings, some of our witnesses have said: Well, if the Congress were to come out with new sanctions, it would give it that little extra edge. It would really send a message to Iran that we are aware of what they are doing and we are not tolerating it.

It is true that the President could implement and has the authority to implement new sanctions without the Congress acting, but I really think it is important that the Congress act. So I would hope that the administration would seem to lessen its objection to Congress coming forward with new sanctions because, after all, when the JCPOA was put in front of the Congress, we were told specifically that it would not affect further sanctions against Iran for things other than their nuclear program, which would be terrorism and ballistic missiles and some other stuff.

Mr. SZUBIN. Yeah, and that continues to be our view. I do want to point out, though, that Congress' sanctions contribution continues to be very potent right now. I neglected to mention this, so I am glad I have the opportunity.

When we announced new designations in the terrorism, human rights, ballistic missile, Syria, Yemen space that have to do with Iranian actors, thanks to Congress and thanks to your efforts, those sanctions do not just touch U.S. actors. Those sanctions have secondary or extraterritorial effects around the world, which means that if a financial institution in East Asia, Africa, Europe, or the Gulf engages in transactions with any of the IRGC, the missile actors, the human rights designated actors, thanks to Congress, they face these secondary sanctions, namely a cutoff, a potential cutoff, from the U.S. financial system. Those are, sort of, if you will, supercharged sanctions, and that is only thanks to Congress' efforts. And so those stand behind every designation that we issue, even since implementation.

Mr. ENGEL. Well, that is a good point, and that is why the chairman and I both feel so strongly that Congress needs to continue to

be involved and that, if we need to, issue further sanctions. It does not violate our obligations under the JCPOA to do so. I just want to see quickly if Ambassador Mull has anything to add to it.

Ambassador MULL. No, thank you so much Ranking Member Engel. Acting Under Secretary Szubin stated very clearly and succinctly that new sanctions on Iran's behavior outside the scope of the nuclear agreement would not be a violation of JCPOA. We have been very clear about that publicly as well as directly with our Iranian counterparts when they tried to make that argument.

We have been very clear throughout the negotiations and as recently as my last meetings with the Iranians last week that sanctions on things such as missile launches, which are inconsistent with U.N. Security Council Resolution 2231, weapons proliferation, destabilization, support for terrorism will continue to have consequences from the United States Government. There is no doubt about that in the administration.

Mr. ENGEL. Thank you.

Thank you, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Engel.

We go to Mr. Chris Smith of New Jersey.

Mr. SMITH. Thank you very much, Mr. Chairman. Thank you again very much for your vigorous oversight of the Iranian deal, you and the ranking member.

Let me just say a couple of points, and then I will ask a question or two.

This week, as we all know, our Nobel Peace Prize winning President lifted the lethal arms embargo on a cruel dictatorship in Vietnam, a nation that has crushed dissent from journalists, bloggers, and religious believers. The New York Times had asked him not to do it, as did other editorials. He did it anyway and made a statement. Words are cheap in Washington. They are cheap in Hanoi as well. We asked for deeds.

Two weeks ago, I had a hearing right here with Mrs. Vu Minh Khanh, the wife of Nguyen Van Dai, a human rights defender I had met in 2005, a tremendous man, he, like so many others, is fighting for fundamental human rights. He is in prison. Many of us said: Mr. President, if you are going to give something, please ask very specifically for the release of these prisoners and not just give all and get nothing in return.

Administration officials have repeatedly testified that the deal in no way would impact our pressing Iran on human rights, yet the administration has only sanctioned one Iranian official for human rights abuses since they started negotiations. Iran, like Vietnam, is a cruel dictatorship that uses torture to hurt and even kill dissidents. Why is that the case? Why is there not a more robust effort on human rights?

Secondly, credibility and messaging, even if it is clever and aggressive, needs to be honest. A May 5th New York Times article by David Samuels paints a highly disturbing insight into the administration's selling of the Iranian deal to the press, to the Congress, to the American people. The New York Times Magazine piece notes that the narrative that Ben Rhodes shaped, the story of an Iran deal that began in 2013 with a moderate faction inside led by Iranian regime that beat hardliners, the Times points out

that that was actively misleading. It was to convey an impression that then people would follow up and say: Oh, things have changed.

Mr. Rhodes brags in the article that we "created an echo chamber," an onslaught of freshly minted experts cheerleading for the deal. Rhodes said: "They were saying things that validated what we had given them to say."

He also points out that he was able to spoon-feed 27-year-old reporters who knew nothing about this foreign policy and then they, with these so-called experts, constantly doing the echo chamber.

Gentlemen, that is not the way to do a deal. It ought to be honest. It should be transparent. When you do things like this, you are duping the chairman or duping our ranking member because I, too, felt the sense of, are we missing something here? And the more we look at the deal, the more realize it. So, on the human rights piece, if you could speak to that, what is your view of the New York Times Magazine piece?

And, finally, Ambassador Mull, the last time you were here, I asked you a very specific question about the Iranian material. You said it had been taken out, put on a Russian boat, vessel, and that we didn't know where it went. Do we know where it is now? Has there been a U.S. validation as to its whereabouts and whether or not it is under lock and key? All three of those questions.

Ambassador MULL. Thank you very much, Congressman Smith, for those very good questions.

On human rights, there has been no doubt about the strength of U.S. feeling about this very disturbing human rights situation in Iran. We have made that very clear publicly in repeated reports, whether on our religious freedom report or human rights report. I can affirm to you that in every meeting in which I have participated with Secretary Kerry with Iranian counterparts, we have made very clear our concerns. In fact, it was those concerns that really motivated our effort to get—every human rights violation is a serious one. We are most concerned when the human rights of Americans are violated. So our concern about that motivated our very hard work to win the release of American detainees in Iran earlier this year.

And I pledge to you, although human rights is outside the scope of the nuclear amendment, I know Secretary Kerry feels passionately about these issues and will continue to remain engaged.

As opposed to the transparency of the negotiation of the agreement, I can tell you I worked in the Foreign Service for more than 34 years now. I have never seen an international agreement that has had greater transparency than the Iran nuclear deal. It was released in full to the public on the very day——

Mr. SMITH. I am almost out of time. We couldn't read the IAEA inspection protocol? I don't know what they are doing. We take them at their word. They are a good group. But transparency, that needs to have a little asterisk on it I would suggest.

Ambassador MULL. The IAEA has continued to report and will continue to do so. We have briefed the Congress dozens of times throughout the negotiations and since then, and we are available in open and closed session to do so.

Finally, your question about the enriched material that was removed from Iran to Russia, I was in Russia last month and in fact can confirm that that material is secure in Russia. There is no risk of its further proliferation. I would be very pleased to brief you in a closed session in more details if you would like, sir.

Chairman ROYCE. Okay. We are going to go to Mr. Brad Sherman of California.

Mr. SHERMAN. People in this country want us to get along with everyone around the world. We long for peace, and there are those who say sanctions contradict that. But when you look at what Iran has done in Syria, hundreds of thousands, perhaps 1 million people killed by Assad with funds provided, weapons provided, thugs provided by the Iranian Government. When you see people killed by barrel bombs and sarin gas, we realize that the right response to the Iranian regime cannot be Kumbaya.

This House was divided on the Iran deal, but we were united in one thing: Sanctions work. And, Mr. Szubin, thanks to you and your predecessors, you proved they work by working hard to make sure that they work. Some believe that the sanctions got us a good deal. Some believe the sanctions would have gotten us a better deal. The only agreement was that sanctions work.

I join with the ranking member in saying that we ought to have new sanctions. And, Ambassador Mull, I thank you for clarifying that that will happen. I know that the Department of Treasury does additional designations, so you are doing your job. We need to do our job by passing statutes.

Ambassador Mull, is it correct to stay that the administration's view is that simply reauthorizing and extending the Iran Sanctions Act would in no way violate the JCPOA?

Ambassador MULL. To be honest, Congressman, we are aware of interest in this House, and throughout the Congress in general, to reauthorize the ISA. We don't believe that we need to act on it now because it is valid through the end of this year. But we are certainly open to working with——

Mr. SHERMAN. Well, sometimes Congress likes to get our work done. I didn't ask you, you know, the House schedule. We might want to get our work done sooner rather than later. Is it a violation of the JCPOA to simply keep our statute going the way it was the day the JCPOA was signed?

Ambassador MULL. Sir, I would be hesitant to speculate because I know, under previous efforts to re-extend it, there have been other things added onto that.

Mr. SHERMAN. Again, if it were published in the exact language that existed on the day the JCPOA was signed, would that be a violation of the JCPOA?

Ambassador MULL. Well, again, sir, we would have to look at what was actually published.

Mr. SHERMAN. You know what was published. You don't want to answer the question.

Mr. Szubin, a technical legal question. You talked about branches of U.S. banks. Does that apply equally to subsidiaries, or does it depend on how it is legally authorized?

Mr. SZUBIN. It does depend.

Mr. SHERMAN. So do you need legislation saying that the U.S. bank that owns a subsidiary would be subject to penalties if it allowed its subsidiary to do what its branch could not do?

Mr. SZUBIN. So the distinction does exist, and that is not unique to Iran. That cuts across all of our sanctions programs. But I can tell you, in practice, I don't know of a single subsidiary of a U.S. financial institution that is considering doing this business. Given their global platforms, I think it would be all but impossible.

Mr. SHERMAN. I am not aware of a problem either, but new legislation, I think, would be helpful.

You have referred to Mahan Air as the Quds Force airline. Congressman McHenry and I sent a letter to EU Ambassador, joined by the chairman and the ranking member and many members of this committee, saying that you should designate Mahan Air under U.N. antiterrorism sanctions. Mahan Air cannot fly to Europe or Asia without ground service. It is not getting ground service from, for example, two companies, Airport Handling, which is based in Italy, and AHS Group, which is based in Germany. Now these same service companies also serve as U.S. airlines. Put aside the terrorist risk of having the same handlers do both, and would the Treasury Department consider listing these two airport handling companies for doing business with Iran?

Mr. SZUBIN. Thank you very much for your focus on this issue. We don't comment on who we might designate in the future, but I want to say the continued ability of Mahan Air to fly around the world as if it was a legitimate airline is something I have raised in every capital that I visited. And I don't think it should be treated as a regular airline.

Mr. SHERMAN. Well, the way to do it would be to designate these handlers. And you maybe won't mention their names, but I just did. And I would point out that our friends in the Ukraine ask us for so much, you would think that they would have listened to you when you made that point and as we make that point here.

We have three major auto manufacturers, including Fiat Chrysler and Mercedes, investing in auto manufacturing in Iran. It is only a matter of time before the products of these investments, which are also being made by Volvo, will be used by the IRGC. Would investing in auto factories that are producing transportation for the IRGC be sanctionable?

Mr. SZUBIN. Any type of material support to the IRGC would be sanctionable. The IRGC——

Mr. SHERMAN. What if you build an auto factory that sells its trucks to the IRGC?

Mr. SZUBIN. Typically, what we are looking for if we are going to be designating a company is to see that it is witting or colluding—a witting partner or colluding with the designated terrorist group. Investment in a firm that creates cars that then are subsequently appropriated by the IRGC would typically be a little bit too attenuated——

Mr. SHERMAN. Well, no, not appropriated, just sold. I mean, you can't say you are not cooperating with the—my auto dealer cooperates with me. I take my car in service. He is a very cooperative guy. Are you saying that auto manufacturing facilities that sell trucks to the IRGC are going to be uncooperative?

Mr. SZUBIN. No. Although, I might need to get the name of your auto dealer because I don't have that experience. What I am saying is that what we are looking for in going after new designation targets is those who are working with the designated entity. If we see companies that are propping up the IRGC, whether with autos, whether with funds, whether with weapons, whether with experience and support, that is what we would target.

Mr. SHERMAN. I would ask you to look at these investments. I would ask you also—in addition to sanctioning those who do the wrong thing, warning those who are thinking of doing the wrong thing, whether you choose to do it publicly or privately. And I look forward to giving you the address of Fiat Chrysler, Volvo, and Mercedes.

I yield back.

Chairman ROYCE. Mr. Sherman, thank you.

I think Mr. Sherman's point is that more banks, more ticketing agents, and more ground service providers and other companies that are providing support for Mahan Air should be sanctioned.

We go now to Mr. Dana Rohrabacher of California.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

And, again, I would like to thank you and the ranking member for taking very seriously the responsibility that we have to oversee what we disagreed on with you in terms of the Congress disagreed with you—many of us did—on this agreement with the mullah regime in Iran. The JCPOA was—the purpose, I take it was and that is what we were told, was to basically prevent Iran from at some point obtaining the capability of mass destruction on the governments that it considered to be under the command of the Great Satan, meaning Israel, the United States, and anybody else who disagrees with them. So we did not want them to have this right to obliterate their enemies, or at least, not the right but the capability. And this agreement was supposed to prevent that, and today, we have three witnesses who are basically saying that it was a good agreement and it has brought us to a safer world.

And what is concerning to me is when we go back and, as the chairman has pointed out, that the agreement itself has flaws and perhaps some intentional flaws. And one flaw would be that it expires after a certain length of time, and so we can see Iran moving toward that goal unimpeded now to get themselves to a point, after expiration, they will be able to then have the power and force what they want.

But even more disconcerting to me is that the flaw is that the treaty may well have contained what I call weasel words. I was a journalist for a number of years, and it is very easy to find out when someone really is trying to lie to you without lying to you. What they do is they put something in—they word something in a way that it appears to be accomplishing something that it is not accomplishing.

And as the chairman just pointed out in his questioning, the actual words were changed to make them less enforceable. Now shouldn't that be a warning sign to anybody who takes this treaty seriously? And how do you explain that? The chairman had two or three examples where, for example—all right. Let's just go directly to the one I will ask you about. Basically, we have a situation

where a rocket is designed, and as long as it is not designed to carry a nuclear weapon, the Iranians now, because we have changed—there is a weasel word put into the treaty—that they now can work and obtain that nuclear weapons delivery system as long as it wasn't designed to be a nuclear weapons delivery system. And that was changed to the point where, before, they would not have been permitted that. Why was that changed?

Mr. COUNTRYMAN. As I noted, I was not involved in the negotiation of that word in that resolution. I do not agree that this is a dramatic difference in the effect of the resolution with Iran——

Mr. ROHRABACHER. Okay. Let's—okay. Like I was saying before, it is not a dramatic difference. In one wording, it absolutely prohibited them from getting a rocket that could deliver a nuclear weapon system. After the wording, it now permits them to have it, because the strict definition of what the wording was, they now have an opening to possess a nuclear weapons delivery system. That is not dramatic? That is huge. Except it is being hidden with weasel words. Okay——

Mr. COUNTRYMAN [continuing]. Permission of Iran obtaining intercontinental or nuclear capable ballistic missiles. There remains an absolute prohibition in that resolution of anyone providing that technology.

Mr. ROHRABACHER. The missiles that were designed to deliver nuclear weapons, not technology that could achieve that goal. I mean, the fact is, if it can carry a nuclear weapon, even if it is not designed to do so—maybe it is designed to put up satellites. No, we don't want them to have that if that, indeed, will permit them to drop a nuclear weapon in Washington, DC, with a missile using it as a delivery system.

You don't call that dramatic? That is very dramatic, and I think that people of the United States have been disserved—there has been a disservice to us and our security by this type of—and I say weasel words again, deception. A weasel word is a deception to make people think that you are actually accomplishing something that you are not accomplishing.

Let me tell you, this is not a problem of interpretation. This is a problem with actually a negotiation failure that we have obviously reached an agreement with them, meaning the mullah regime which murders their own people, that we have actually reached an agreement with them which they know will permit them to achieve their objective. This was not a good treaty to begin with. I appreciate your testimony, but obviously, I disagree with it.

Chairman ROYCE. We go to Mr. Gerry Connolly of Virginia.

Mr. CONNOLLY. Thank you, Mr. Chairman.

And welcome to our panel.

Ambassador Mull, the Iran agreement addressed their support to Hezbollah, right?

Ambassador MULL. No.

Mr. CONNOLLY. They addressed—well, certainly, it addressed the issue of money laundering?

Ambassador MULL. No.

Mr. CONNOLLY. Syrian Assad support?

Ambassador MULL. No.

Mr. CONNOLLY. Terrorism in Mahan Air?

Ambassador MULL. No, sir.

Mr. CONNOLLY. Yemen?

Ambassador MULL. No, sir.

Mr. CONNOLLY. Banning any further expression of death to America, or death to Israel? Surely, we addressed that in the agreement?

Ambassador MULL. No, sir.

Mr. CONNOLLY. What did the agreement address?

Ambassador MULL. Sir, the agreement addressed limiting Iran's capability to develop fissile material to build a nuclear weapon.

Mr. CONNOLLY. Well, that is a unique approach. Surely, in the Cold War with the Soviet Union, we had a different model. We addressed every negative behavior the Soviets were engaged in in every agreement we approached, including in my colleague, Dana Rohrabacher's administration, the Reagan administration. Is that not correct? We addressed every aspect of Soviet behavior, unlike this agreement?

Ambassador MULL. No, sir, that is not correct.

Mr. CONNOLLY. Oh. Well, let's get to this agreement. Did this agreement require Iran to modify the Iraq heavy water research reactor and to fill the reactor calandria with concrete?

Ambassador MULL. Yes, sir.

Mr. CONNOLLY. Did they do that?

Ambassador MULL. Yes, sir, they did.

Mr. CONNOLLY. Oh, my lord.

Did it require the reduction of installed centrifuges from 19,000 to 6,104?

Ambassador MULL. Yes, sir. That is true.

Mr. CONNOLLY. And did they achieve that?

Ambassador MULL. Yes, sir, they did.

Mr. CONNOLLY. Did it require that uranium enrichment be reduced to a level of 3.67 percent?

Ambassador MULL. Yes, sir.

Mr. CONNOLLY. And did they achieve that?

Ambassador MULL. Yes, sir.

Mr. CONNOLLY. Did it also require that their stockpile be reduced to 300 kilograms and the rest of it shipped out of the country?

Ambassador MULL. Yes, sir.

Mr. CONNOLLY. And did they do that?

Ambassador MULL. Yes, sir, they did.

Mr. CONNOLLY. And you witnessed in Russia where it is being stored?

Ambassador MULL. I confirmed in Russia where it is being stored.

Mr. CONNOLLY. Did they agree to allow the inspection and limitation on centrifuge production and uranium mines and mills under surveillance by international auspices?

Ambassador MULL. Yes, sir.

Mr. CONNOLLY. And have they complied with that?

Ambassador MULL. They are in full compliance.

Mr. CONNOLLY. And has the International Atomic Energy Agency verified this?

Ambassador MULL. Yes, sir they have.

Mr. CONNOLLY. And have we verified this, our Government?

Ambassador MULL. Yes, sir, we have.

Mr. CONNOLLY. Really? Well, I have to admit, I find—here is the second hearing. We had over 30 hearings in this, and, oh, my gosh, I tell you, I was worried. I had trouble sleeping. When I listened to my colleagues predict cheating, stealing, subterfuge, evasion, and I hear you, Ambassador Mull, tell me, well, maybe they wanted to do that, but they didn't.

And so now that we are having hearings on compliance, we are talking about everything but compliance. We are talking about other behavior, which is to be condemned. I condemn it. I voted for sanctions on the other behavior.

And, by the way, did the agreement prohibit any further U.S. sanctions for any purpose?

Ambassador MULL. In——

Mr. CONNOLLY. Are we prohibited under this agreement for looking at new sanctions on unrelated behavior, that is to say, unrelated to the nuclear agreement?

Ambassador MULL. Yes, that is correct, sir.

Mr. CONNOLLY. So we are not prohibited?

Ambassador MULL. We are not.

Mr. CONNOLLY. We are not prohibited. We could entertain other sanctions for their support for Hezbollah, for example?

Ambassador MULL. Yes, absolutely, sir.

Mr. CONNOLLY. Or putting sanctions on Mahan Air?

Ambassador MULL. Yes, sir.

Mr. CONNOLLY. Okay.

Mr. ROHRABACHER. The gentleman asked a question early on in your questions. Would you like an answer to that, or——

Mr. CONNOLLY. Well, if my friend would——

Chairman ROYCE. The gentleman will withhold, the time belongs to——

Mr. CONNOLLY. Because I only have 58 seconds, otherwise I would. If the chairman will give me time, that is great.

These arguments are, you know, to me, a smokescreen for not addressing the main issue. And the other argument used, which is clever but still flawed, which is perfect is the enemy of good. The fact that it is not in perpetuity. That we couldn't achieve Iran forever forswearing any nuclear ambition means this is flawed. Was that ever in the cards, Ambassador Mull? I mean, I thought we hadn't even talked to them for almost 30 years. So to get them to agree to this and comply seems to be, I don't know, to me, some kind of achievement. And why don't you comment, because my time is up.

Ambassador MULL. Yes, sir. We believe it is an achievement. We believe that we and our allies in the region are considerably safer because of the achievements and full implementation of this agreement.

In terms of whether it ever sunsets, while it is true certain restrictions on Iran's capability—its stockpile and so forth expire after certain periods—Iran's commitment and full access to the International Atomic Energy Agency is in perpetuity. And so whenever the IAEA believes that Iran is moving to develop a military application for its nuclear program, it will report as such, regardless of when that happens. And we have every capability, through

law and through previous executive orders, to respond immediately to put back in place the very pressures that brought about this deal in the first place.

So we are very confident that we have the tools to make sure that the security from this deal is long lasting, and if it is not, we can turn the tables and go back to the status quo ante.

Chairman ROYCE. Mr. Joe Wilson of South Carolina.

Mr. WILSON. Thank you, Mr. Chairman. And I yield 10 seconds to my colleague from California, Mr. Rohrabacher.

Mr. ROHRABACHER. Just to answer Mr. Connolly's point, which was, yes, in the Reagan administration, it was different. The fact is that in the Reagan administration, our goal was to bring down the Soviet Union. And even as we negotiated with them on various treaties, we had efforts all across the globe to bring down that government, which is exactly what we should be doing with the mullah regime, and we are not doing.

Mr. WILSON. And, again, thank you very much, Chairman Royce. And I want to thank also, Congressman, the ranking member, Eliot Engel. I was grateful to actually vote with both of them opposing this dangerous deal. And, sadly, as we hear more and more about it, it becomes more dangerous. And it is so sad that we have a mullah regime, which is suppressing the dynamic people of Iran. They continue, as was cited, to proclaim death to America, death to Israel. That has not changed. I just find it incredible.

And then my concerns, Ambassador Mull, have been verified due to the IAEA report, and that is in early March, the head of the International Atomic Energy Agency disclosed that certain agreements reached under the dangerous deal limit inspectors from publicly reporting on potential violations by the mullah regime. The Director General Amano, of the IAEA, which is responsible for ensuring Iran complies with the agreement, told reporters that his agency is no longer permitted to release details about Iran's nuclear program in compliance with the deal.

The recent reports are devoid of details about critical implementation issues, including the amounts of low-enriched uranium in Iran, the nature of centrifuge rotor and bellows manufacturing, and advanced centrifuge research and development activities. Why would the administration agree to limit IAEA reporting? Why has the IAEA reporting on Iran been constrained? What specific component of the deal or U.N. Security Council resolution that implemented it, limits the IAEA reporting, and are there any Americans or Canadians who are serving as inspectors?

Ambassador MULL. All right. Congressman, thanks for those questions.

Last week, you know, I was in Vienna, and I met with the director general of the IAEA, Mr. Amano. I believe those press comments attributed to him are inaccurate and misinterpreted. It is quite clear that the IAEA will be reporting every 3 months on the status of implementation.

Now, in terms of the level of detail, I agree with you that in the last report there was less detail than in previous reports. That is because the Iranian nuclear program is significantly smaller than what it was as a result of this deal.

The IAEA confirmed that Iran was within all of the numerical limits to which it committed. Director General Amano assured me last week that the IAEA would continue to address in its forthcoming report whether or not Iran is complying with every element of the deal. So I think you can count on a full reporting to continue from the IAEA.

Mr. WILSON. But, clearly, it was stated that it is devoid of details by critical implementation issues. And whether it is low or not, it can say low or nonexistent, including the amounts of low-enriched uranium in Iran, the nature of centrifuge rotor and bellows manufacturing and advanced centrifuge research and development activities. That should be, really, easy to say yes or no.

And then, Mr. Countryman, the development of missile technology and testing, to me, it is incredible. It is very revealing. There was only one reason that you would be developing an intercontinental ballistic missile capability, and that is to deliver a nuclear weapon, and it would be against American families.

In the past month, we have had the spectacle of Iran testing a missile, which in Hebrew, so people who would be affected understand, as cited by Mr. Sherman, and that is that in Hebrew, it stated that Israel be wiped off the map. This was on a test. How can we possibly trust such a regime that makes such defiance in the aftermath of this dangerous deal?

Mr. COUNTRYMAN. I don't trust them further than I can spit.

Mr. WILSON. Well, great. And then what measures are there? And I am grateful that I work with Congressman Seth Moulton. In the NDAA, we have a requirement that there be a response to missile testing and identification missile testing. Is there anything in place to let the American people know what is going on?

Mr. COUNTRYMAN. I am sorry. What is going on on——

Mr. WILSON. To identify a missile test and what is the implication of the missile test by Iran?

Mr. COUNTRYMAN. Yeah. There is a lot of information, some of which is not appropriate for this forum, but we are always prepared to brief members on the full range of information that we have about Iranian missile tests.

Mr. WILSON. Well, American families are at risk. They need to know.

I yield the balance of my time.

Chairman ROYCE. Go to Mr. David Cicilline of Rhode Island.

Mr. CICILLINE. Thank you, Mr. Chairman.

Thank you to our witnesses.

I appreciate the testimony with respect to the compliance. And I think many of us who, in fact, supported this deal, we are pleased that in fact compliance with the requirements have been met—or that Iran has taken the steps that are required.

I think part of the challenge for us, though, is that we were told during this process that getting the nuclear issue off the table was so critical, and that we actually could expect Iran would engage in additional destabilizing activity. And, in fact, people suggested some of the resources that they would have access to, and some of the political needs that the regime would have would have caused them to be worse in that area, in terrorism, in human rights, and other areas.

And so we were assured that this would give us an opportunity to push back hard in these other areas, because the danger of a nuclear Iran would be off the table. And I was persuaded by that. So I am very interested to hear the administration's efforts with respect to pushing back hard. And I want to begin in the area of human rights.

What has the administration done since the signing of the JCPOA with regard to imposing sanctions on human rights violators in Iran? By all accounts there has been an increase in human rights violations, I think, in part, as the regime intends to show that they are still in charge. Despite this agreement, we have seen an increase in human rights violations. What has the administration done since the signing of the JCPOA with respect to human rights violations in Iran, if anything?

Ambassador MULL. Congressman Cicilline, thanks for the question. As I mentioned earlier to Congressman Smith, the Obama administration is deeply concerned about the human rights situation in Iran. And in confronting that situation, we have a variety of tools available at our disposal. Sanctions are certainly one important part of it.

Mr. CICILLINE. Sorry to interrupt you. I probably should have been more precise with the question. I know you said you raised it in meetings. Has the administration done anything with respect to the imposition of sanctions on any individual or entity since the signing of the JCPOA with respect to human rights violations?

Ambassador MULL. There has not been a specific sanction on a human rights case——

Mr. CICILLINE. Not one?

Ambassador MULL [continuing]. Since the signing of it.

Mr. CICILLINE. Not one?

Ambassador MULL. But we have managed to address human rights concerns, for example, by getting Americans out of the——

Mr. CICILLINE. I appreciate that. I congratulate on that. But just my point is, the existing sanctions regime has not caused the administration to impose a single imposition of sanction for human rights.

Second question is, there has been a lot of discussion about additional sanctions. I think everyone acknowledges the JCPOA deals with nuclear sanctions and that non-nuclear sanctions, obviously, remain a tool. And so I would ask Ambassador—actually, Mr. Szubin, you recently expressed some concerns about the overuse of sanctions, and, you know, that the imposition of sanctions can impose costs. Are there circumstances in which you think we should be imposing additional sanctions on Iran, particularly in the context of the ballistic missile testing?

It appears as if it is not a violation of JCPOA according to the administration, but clearly a violation of Security Council Resolution 2231. And if additional sanctions are not a useful tool, what do you suggest we do to dissuade or put pressure on Iran not to engage in this very nefarious activity with respect to ballistic missiles?

Mr. SZUBIN. Thank you, Congressman. And I do want to clarify the quote you are referencing about the potential overuse of sanctions was made in a broader discussion about this tool as we move,

potentially, into—well, for certain into a new administration and how to use this tool, the tool of sanctions both on the congressional side and on the executive branch side in a judicious way that would preserve its influence. It was not made with respect to——

Mr. CICILLINE. No. No, I understand.

Mr. SZUBIN. With respect to their ballistic missile program, I think sanctions are a key piece. I think we do need to keep the pressure on. And I find particularly important those brokers and procurement agents who are helping to mask the ultimate end user, and that is who the SHIG group that I mentioned earlier, the SPIG group, that is who Iran's missile agencies are using to get the parts that they need in violation of U.N. Security Council resolution.

The more we can expose those actors, both the individuals involved and the companies, the better, and the more we see it frustrate them. But I do want to say that that public effort is not the only thing we have going. Obviously, there are strategic interdictions that are going on at sea, some of which you would see in the papers, some of which you would not. And we have our own version of that in a financial sense, which is payments that are being made to broker procurement of dual-use items. We are sometimes able to block those payments mid-transfer, which not only causes real damage to the procurement efforts, but also can sometimes spark a lot of useful intelligence from the effective individual.

Mr. CICILLINE. But am I correct in assuming that it would be useful in terms of sending a message to the Iranians that Congress and the United States is serious about stopping their ballistic missile system, and stopping their gross violations of human rights, by enacting additional sanctions in the non-nuclear sphere as an expression of Congress and ultimately the American people's strong condemnation of ballistic missiles or human rights violations?

That it would actually strengthen your hand as the administration for the Iranians to know there are Members of Congress that feel very strongly about this reflecting the sentiments of the American people, and we are committed to using all the tools at our disposal outside the JCPOA, not involving any of the nuclear sanctions to really effectively dissuade them, and persuade them, and impose costs on them for engaging in ballistic missiles testing or human rights violation?

Mr. SZUBIN. No. I think the focus of this body of Congress on these non-nuclear threats has been and remains essential. And, frankly, the fact that it has been a bipartisan focus has been extremely powerful, and it does give us leverage in talking to the Iranians and talking to our international allies.

With respect to the enactment of new sanctions legislation, I will repeat what I said to the chairman, which is, as a technical matter, the deal is talking about nuclear sanctions. As a practical matter, if legislation were to undermine the deal by taking off the table commitments that we had put on the table, that would be a problem. And, obviously, we don't want to see new legislation interfere with our fulfillment of the JCPOA.

Mr. CICILLINE. Understood. Thank you very much.

I yield back, Mr. Chairman.

Chairman ROYCE. Mr. Randy Weber of Texas.

Mr. WEBER. Thank you, Chairman.

Ambassador Mull, you said in your opening comments, the JCPOA has been successfully implemented, cutting its missile program by more than two-thirds, increasing the breakout time of 2 months to more than a year. So it is your estimation, then, that it went from 2 months to 12 months, in your opinion we gained 10 months?

Ambassador MULL. Yes, sir——

Mr. WEBER. Okay. That is math. You also said we have preserved our abilities to snap back penalties. And you further said that at the request of our foreign friends—and I am paraphrasing on this—we have been explaining the lifting of our sanctions. So the explaining of the lifting of those sanctions, that discussion time—is that going to take a month or two?

Ambassador MULL. We tried to be responsive, Congressman, to whenever our international partners express questions about U.S. law and U.S. procedures, not just on Iran but on anything.

Since the implementation day was reached in the agreement back in January, there has been a flood of requests, mostly from the world financial centers in Asia and Europe.

Mr. WEBER. So that really is my answer. A flood of requests from around the world. In the event that Iran would get very aggressive and start doing things again that we felt like a snapback sanction was in order here, it would take time, would it not, to explain to our friends around the world as to why we think they violated it and why we think an action is necessary?

Ambassador MULL. I don't think it would take that much time if Iran——

Mr. WEBER. How much time do you think it would take?

Ambassador MULL. To notify the world of Iran violation?

Mr. WEBER. No. To explain why snapback sanction—well, that, and then to explain and to get their buy-in on why snapback sanctions were necessary.

Ambassador MULL. Well, I think—I mean, certainly, if we decided to snap back, we would make it an instant announcement of that. I couldn't speculate if there are questions from our allies——

Mr. WEBER. It would take a month or two. I am going to leave it at that, because I am going to run short on time. It is not going to be instantaneous. I think snap back is the wrong word there. Okay?

Mr. Countryman, you said it is not sanctions or U.N. resolutions that cause Iran to change its pursuit of weapons—it is not sanctions or U.N. resolutions but trade control. And I notice you didn't read from your remarks. You pretty much spoke from the heart, I guess, as it were.

So if trade control was really the force du jour there that we needed, didn't we have them going in the right direction? Did sanctions have them going in the right direction? They were hurting.

Mr. COUNTRYMAN. Well, if you will give me just a moment. I make a distinction between sanctions that are intended to impose an economic cost and change behavior, and that is something that my colleague, Mr. Szubin, especially specializes in, and strategic trade control, which is how the United States cooperates with countries around the world to ensure that states of concern and non-

state actors don't get their hands on dual-use technology, whether it is nuclear, missile related, or anything else.

Mr. WEBER. Okay. So you are say the force behind the sanctions was the trade control of all of our friends Ambassador Mull and I were talking about?

Mr. COUNTRYMAN. Well, there have been a number of institutions in place for years. The missile technology control regime, 40 most advanced countries in the world on ballistic missile technology, that cooperate against providing that kind of technology to countries like Iran. The proliferation security initiatives started under the Bush administration, and they are back——

Mr. WEBER. I get what you meant. The denial of access to our monetary system being somewhere up there in the upper echelon of one of those sanctions, agreed?

Mr. COUNTRYMAN. Yeah. I would put that, again—I am not trying to make fine distinctions, but I would say that is more in the category of economic sanctions and trade control.

Mr. WEBER. Okay. Well, I want to go with Mr. Szubin on this, because he did say super-charged sanctions could be used.

Describe for us, if you would, the difference between, you know, normal sanctions, lesser sanctions, and super-charged sanctions.

Mr. SZUBIN. I would be happy to. And I did not mean to coin a new term and certainly not that term.

Mr. WEBER. When I was in high school, super charging meant something different but go ahead.

Mr. SZUBIN. What I meant was to refer to the reach of a targeted sanction. So just to give you a very specific example. If we target a human rights actor in the Democratic Republic of the Congo, we add them to the OFAC sanctions list, that binds the actions of U.S. banks, U.S. companies. Foreign actors are still permitted without any fear of U.S. consequences, to do business, as long as they keep their transactions out of the U.S. So they can't be routing those transfers through the U.S., but if they want to do it in local currency, fine.

When it comes to Iran, what Congress did was say no, anyone who does business anywhere around the world in whatever currency with an Iranian actor that is on the OFAC blacklist, faces a potential cut off from the U.S. financial system. That is what I was referring to as these greatly augmented sanctions designations.

Mr. WEBER. Okay. Thank you for that distinction.

Mr. Chairman, I yield back.

Chairman ROYCE. Mr. Meadows of North Carolina, who was instrumental in the Hezbollah sanctions legislation we referenced earlier. As a matter of fact, he was the driving force, the driver behind the bill that this committee put out on Hezbollah sanctions.

Mr. Meadows.

Mr. MEADOWS. I thank you, Mr. Chairman. I thank you for your leadership on that particular effort.

So, Mr. Szubin, let me come to you. Is it all these sanctions, and as we talk about this, it gets very confusing. And so we have removed some sanctions; we have left some in place.

To the average elected official, do we have, really, the intellectual discernment to decide which sanction is which and when it should be applied and when it should not be applied? Is that easily done?

Mr. SZUBIN. I sure hope we have that capability. I mean, that is what my office is there to do.

Mr. MEADOWS. That is what your office is—but it is not necessarily what my office or other elected officials' offices, in terms of figuring out sanctions and how they should apply and if they apply in every case; is that correct? So if we have questions, you are the go-to person to figure out whether we are complying; is that correct?

Mr. SZUBIN. We would be happy to provide any consultation on that that is sought.

Mr. MEADOWS. All right. Since we are talking today about compliance, and we are talking about centrifuges and all kinds of other things, Ambassador Mull, can you tell me why, when we look at the JCPOA—we are talking about centrifuges, and they were "to be made inoperable," and you have changed the language to be disabled, and most of those centrifuges from what I understand, have been turned off and put in a storage place in Iran. Is that correct?

Ambassador MULL. Sir, the centrifuges that have been dismantled had all of the equipment——

Mr. MEADOWS. All of them?

Ambassador MULL. And they are allowed——

Mr. MEADOWS [continuing]. Are disassembled is what you are saying?

Ambassador MULL. They are allowed, certainly, 5,060 to be operating at this time.

Mr. MEADOWS. No. But I am talking about of the 19,000. You disassembled all of them, and they can't be put back into place very quickly——

Ambassador MULL. That is correct.

Mr. MEADOWS [continuing]. This is your sworn testimony?

Ambassador MULL. That is correct.

Mr. MEADOWS. Are they being stored in Iran?

Ambassador MULL. Yes, sir.

Mr. MEADOWS. So how long would it take them to get them out of storage and put them back in operation if they decided to do that today?

Ambassador MULL. If they decided to do so, it would depend. Some of them are stored in——

Mr. MEADOWS. Well, I know they got rid of some of them that weren't actually in use. So—but what I am talking about is the ones that they were supposed to dismantle, how long would it take them to take them from storage and get them back in——

Ambassador MULL. Well, this all factors into our calculation of breakout time. It would certainly be a matter of several months——

Mr. MEADOWS. That is not my question. That is a great answer to a question I didn't ask. How long would it take to take the centrifuge from the storage and actually get it back in place again and flick on the switch?

Ambassador MULL. Well, it—again, it depends on the centrifuge; it depends on the location. All of this—the storage is completely, sir, under monitoring full time by the IAEA.

Mr. MEADOWS. I didn't ask that. That is two answers to questions I didn't ask. I asked you, how quickly from the storage could they be back in place? A month?

Ambassador MULL. Which centrifuge and from which location do you mean? It depends.

Mr. MEADOWS. All right. Let's take some of the centrifuges of the 19,000 that we put in storage. What would be the fastest time that they could get one of them that is most operable and put it back in place, the fastest time?

Ambassador MULL. Sir, I don't have an immediate answer for you. I would have to consult with our technical——

Mr. MEADOWS. Can you give me a range? Seven days?

Ambassador MULL. I would have to check with our technical engineers to get the——

Mr. MEADOWS. All right. Well, let me tell you the reason I asked. I have a letter here that went to Governor Pat McCrory from you, which by many descriptions is a pro-Iranian marketing material suggesting that we ought to do more business with Iran. And it says when we need to check on sanctions, and asks the Governor to do that, of which they don't have the expertise. They have asked me about the expertise in terms of compliance.

Why would you send a pro-Iranian marketing letter to my Governor?

Ambassador MULL. Sir, I——

Mr. MEADOWS. Who instructed you to do that?

Ambassador MULL. Well, with respect, I disagree that is a pro-Iranian——

Mr. MEADOWS. Well, some have described it that way. And you can disagree, so we will disagree on that.

Who instructed you to do that?

Ambassador MULL. In the agreement, the United States Government committed to inform State and local authorities about changes in the nuclear situation in Iran——

Mr. MEADOWS. So you sent a letter like this to all 50 States?

Ambassador MULL. That is right, because the United States Government committed to do that.

Mr. MEADOWS. So in doing that, you went to great lengths, a number of paragraphs, to talk about how great this is and all that and selling—instead of just saying that you need to look at changing your laws as it relates to that.

Why was it in such a pro-Iranian manner?

Ambassador MULL. Sir, I disagree that it was in a pro-Iranian manner. It described——

Mr. MEADOWS. We will give it to the press and let them opine on it.

Obviously, is this something that you released to the press so they know all about it?

Ambassador MULL. I did not release it to the press.

Mr. MEADOWS. Okay. Well, we will let them do that.

I guess the other question is, since we have our ally, Israel, and many of them are under attack by a BDS movement, is the State

Department going to send out a similar letter saying that States should not actually embark on a BDS movement for all 50 States for our ally, Israel?

Ambassador MULL. I am sorry, sir. BDS movement, I am not sure——

Mr. MEADOWS. Boycott investment——

Ambassador MULL [continuing]. Investment sanction.

Sir, our relation——

Mr. MEADOWS. It is troubling that you wouldn't know what that is.

I will yield back.

Chairman ROYCE. Mr. Scott DesJarlais of Tennessee.

Mr. DESJARLAIS. Thank you, Mr. Chairman.

Mr. Countryman, did I hear you say it was your belief that Iran never intended to slow its testing of ballistic missiles?

Mr. COUNTRYMAN. I don't know about never, and it is difficult to talk about intent, but the record shows that they have had a consistent, steady program of ballistic missile development for missiles of various range, similar to that of other countries in the region and beyond the Middle East.

Mr. DESJARLAIS. And it is your job to apply sanctions for violations?

Mr. COUNTRYMAN. It is my job with the support of a number of agencies, both to apply strategic trade controls to inhibit Iran acquiring the technology and in cooperation with the Treasury and others to apply sanctions to entities in Iran and outside Iran that violate those restrictions.

Mr. DESJARLAIS. Okay. And you stated in your written testimony that all the sanction authorities we need are already in place, and we have repeatedly used our own domestic authorities to sanction those involved in Iran's ballistic missile program and will continue to do so as warranted.

I mean, you can say that you have the authorities to deal with it, but that rings hollow. The Iran, North Korean, and Syria Nonproliferation Act of 2006, which levies U.S. sanctions on entities connected with Iran ballistic activity, is implemented by your office. But the GAO study commissioned by this committee, from last year, shows the State Department to be completely delinquent in applying these sanctions.

The report that triggers designation for sanctions for 2011 showed up in December 2014, 36 months late. The last report sat on the Deputy Secretary's desk for more than a year, according to GAO. And the State Department needs to comply within its 6-month reporting cycle and minimize the delays and its ability to impose sanctions. Would you agree?

Mr. COUNTRYMAN. I read the GAO report. It is a good one. I agree that we have been slow. I would not say delinquent. I think the report did a good job of stating the important verification process that we have to go through in a complex interagency process. I am determined to do better.

Mr. DESJARLAIS. Well, they also stated that political concerns such as international negotiations with countries involving transfers can delay State implementing the process. Would you agree with that?

Mr. COUNTRYMAN. No.

Mr. DESJARLAIS. So the Ben Rhodes' comment and all that has nothing to do with protecting the President's legacy in your opinion?

Mr. COUNTRYMAN. I don't know which comment you are referring to.

Mr. DESJARLAIS. Well, the echo chamber, the fact that they were trying to hide the fact that this was not really a good deal. But you said that you don't think you are completely delinquent. Do you not think that 36 months behind on a 6-month window is completely delinquent?

Mr. COUNTRYMAN. I think if you wanted a report every 6 months, you would get an inadequate report. I think that we have to do better and faster, but I——

Mr. DESJARLAIS. Okay. We agree there are missiles that have—Israel needs to be abolished, and you are saying that we have all the people in place to apply these sanctions. That is not very comforting when we are looking at two 3-year delays in a program where we have a deal that is designed to curtail the development of nuclear weapons, but a ballistic missile is the essential component to delivering these not only to Israel but to our allies in the United States.

And you say you have to do better. It doesn't give me much comfort.

Where are the delinquent reports right now? Where are they in the process?

Mr. COUNTRYMAN. Well, first, I would note that INKSNA is not our only tool. It is a congressionally mandated tool, and we take that very seriously, and we want it to be a good decision process and one that can be justified and explained fully to you when it is delivered.

But we have other tools available if we need them in order to move against individual entities.

In terms of where we are in the report, I am hopeful that you will get the 2013 report in the very near future. The 2014 report is well in preparation. And as I said, we are trying to——

Mr. DESJARLAIS. Do we know whose desks they are on now? Do you know where they are at? I mean, we are talking about reports from 3 years ago on a 6-month window, again. And you are saying we need to do better. Do you know where they are at?

Mr. COUNTRYMAN. Yes.

Mr. DESJARLAIS. Who has them?

Mr. COUNTRYMAN. They are in the process, and I think they will be completed shortly.

Mr. DESJARLAIS. You are not going to tell me who has them. You are just going to tell us, we are going to do better; we are 3 years behind; they are shooting missiles; we are in the middle of a deal that Secretary Kerry all but admitted it is not a matter of if it fails, it is more when it fails, which could be a year, 2 years, 3 years.

So you are applying sanctions from reports from 2 to 3 years ago for things that are happening now. Is that what you are telling us?

Mr. COUNTRYMAN. I am saying that we have sanctioned the primary entities involved in Iran's missile program. And if we rush

this to you any sooner, it will not make a dramatic change in the entities that are already sanctioned.

Mr. DESJARLAIS. Or the President may look bad?

Mr. COUNTRYMAN. Pardon me?

Mr. DESJARLAIS. I said or the President may look bad, as the GAO reported that is the reason for these delays.

Chairman ROYCE. The gentleman's time has expired.

Mr. COUNTRYMAN. The GAO is not correct on that point.

Chairman ROYCE. We are now going to Mr. Lee Zeldin of New York.

Mr. ZELDIN. Thank you, Mr. Chairman.

Ambassador Mull, you referenced earlier historic verification and monitoring regime. Have you yet read the verification regime outlined in the side deals between the IAEA and Iran?

Ambassador MULL. I am not aware of any side deals between—which side deal do you mean?

Mr. ZELDIN. I am referencing the deals between the IAEA and Iran to decide how the JCPOA is going to be implemented, what governs the verification of the Iran nuclear deal?

Ambassador MULL. Iran and the IAEA have a confidential safeguards agreement just like every member of the IAEA has done.

Mr. ZELDIN. We are talking about the same exact thing. Have you read that?

Ambassador MULL. No, sir, I have not.

Mr. ZELDIN. Okay. I would just offer up for you and for Secretary Kerry, who was here a few months ago, it is difficult to vouch for a historic verification and monitoring regime when you don't know what the historic verification and monitoring regime is. All you know is what is contained in the JCPOA, but you don't know what is included in the agreement between the IAEA and Iran, especially as we read Associated Press reports about how Iran might be collecting some of their own soil samples, responsible for inspecting some of their own nuclear sites.

As we read what the Associated Press reports, as far as the verification of the JCPOA, if you haven't yet read it, it is impossible to say that is a historic verification and monitoring regime, because you don't know what it is. The administration has said the deal is not built on trust; it is built on verification.

Why didn't the Obama administration ask the Iranians to sign the JCPOA?

Ambassador MULL. Why did we ask them to sign it?

Mr. ZELDIN. Why didn't we ask them to sign it?

Ambassador MULL. Well, the JCPOA is a political agreement, and that evolved that way in the course of negotiations that, in order to preserve our ability to exact the kind of penalties and the kind of nimble ability and agility that we would have to exact penalties if the agreement were not implemented correctly. We believe it served our interests best to have this as a political agreement.

Mr. ZELDIN. Well, I would assume that if you have bought cars in your life, you have bought houses in your life, you have signed many agreements. You have signed your name on all sorts of things. I would imagine if there was an example we need to come up with of something where you should get a signature, that the JCPOA is a great example of something where you ask the Ira-

nians, would you mind signing it. The administration decided not to.

Ambassador MULL. Yeah, the——

Mr. ZELDIN. Now, what is a political commitment? Secretary Kerry has referred to the JCPOA not as a treaty. And the reason is he said because he wouldn't be able to get it passed. That is what he said right here. The reason why this isn't a treaty is because he wouldn't have been able to get it passed. Ridiculous answer, but moving on. He says it is not an executive agreement; it is a political commitment.

What is a political commitment as defined by the Obama administration?

Ambassador MULL. A political commitment is one that is the official policy of the United States Government that we are fully committed as a government to implementing the deal on its terms. As a political commitment, we or any future government, is free to withdraw from that agreement with a minimum of legal difficulty. We have decided that——

Mr. ZELDIN. I am sorry. You said you are allowed to withdraw from the political commitment without legal difficulty?

Ambassador MULL. That is right, yes.

Mr. ZELDIN. Okay. That is what we are defining the JCPOA as something that you can withdraw from without legal difficulty?

Ambassador MULL. Well, if other parties, namely Iran, decide to withdraw from it, there are going to be very serious consequences for that. We have preserved by establishing this as a political agreement, our freedom of action, in ensuring there are dramatic consequences to withdraw from that agreement.

Mr. ZELDIN. Okay. So should the Iran Sanctions Act be extended as is?

Ambassador MULL. I know it is in place until December of this year. We are ready to work with the Congress in addressing that question right up to December.

Mr. ZELDIN. What is the administration's position on Iran Sanctions Act? Should it be extended as is?

Ambassador MULL. Our position is is that we are willing to talk with the Congress, congressional leadership, about that.

Mr. ZELDIN. Okay. When do you plan on coming up with a position on the Iran Sanctions Act?

Ambassador MULL. Again, we are open to work with Congress on this. We are at your disposal.

Mr. ZELDIN. Well, I have a position, the Iran Sanctions Act should be extended as is. What say you?

Ambassador MULL. Well, let's sit down and talk about what that means. And during further——

Mr. ZELDIN. What does that mean? It means the Iran Sanctions Act, as is, should be extended as is.

Ambassador MULL. But in previous efforts to extend the act, there have been efforts, suggestions to change the——

Mr. ZELDIN. I am not suggesting changing it. Extending as is.

Ambassador MULL. But there are voices in Congress who would like to amend it. So we need to have a conversation about it.

Mr. ZELDIN. Okay. Well, the Obama administration needs to—I know there is a whole thing about legacy and turning over to the

next administration that Iran never acquired a nuclear weapon, but many of you all need to pray to God that the next administration cleans up your mess.

I yield back.

Chairman ROYCE. The gentleman's time has expired.

We go to Mr. Scott Perry of Pennsylvania.

Mr. PERRY. Thank you, Mr. Chairman.

Mr. Countryman, good morning.

You started with the administration in September 2011? Is that correct?

Mr. COUNTRYMAN. I have been a foreign service officer since 1982. I have been in my current post since 2011.

Mr. PERRY. You started this position 2011, right?

Mr. COUNTRYMAN. Yes.

Mr. PERRY. Did you have any participation in the negotiations/agreement that we are speaking of, the JCPOA?

Mr. COUNTRYMAN. I was not a member of the negotiating team.

Mr. PERRY. Okay. What was your involvement? You are the Assistant Secretary for the Bureau of International Security and Nonproliferation and I would think that this would fall under the nonproliferation moniker, if you would. So what were your duties regarding this program, the negotiations, the deal, et cetera?

Mr. COUNTRYMAN. As you know, the negotiating team was small and worked very well. I provided a couple of my experts for technical support.

Mr. PERRY. Okay. So you are fully aware of what was happening and who was doing it, even though you weren't there, you provided the experts that you knew when things were happening, who was talking to whom those types of things? Yes?

Mr. COUNTRYMAN. Yes, sir. I knew when people were talking to each other. I did not know a lot about the substance of what was being discussed in the negotiations.

Mr. PERRY. Okay. So you knew when people were talking to each other. And so then you knew when Ben Rhodes made the claim that we were dealing with moderates in Iran, that that was completely false? That was a fraudulent statement? You knew that, because you knew the timeline, right? You started in 2011, and you provided expertise and then you would have known that negotiations actually started in mid-2012?

Mr. COUNTRYMAN. I know when negotiations began under the previous Iranian presidency. I know when negotiations began under President Rouhani's presidency. I did not know the substance of it.

Mr. PERRY. I didn't ask you. But you knew when that happened, right? So when Ben Rhodes said that we were dealing with—and sold this to the American people and the rubes up here in Congress, right, us primitive people up here in Congress that questioned the timeline, but you knew at that time that that was a falsehood, right? I mean, you knew, because you knew that it started in 2012 and Rouhani wasn't elected until June 2013. So you knew that, right?

Mr. COUNTRYMAN. I do not believe it was a falsehood. And no, I did not know.

Mr. PERRY. You did not know that?

Mr. COUNTRYMAN. And there is no secret, there was nothing concealed here. At the time of the preliminary agreement signed in 2013——

Mr. PERRY. You knew that negotiations started in 2012, right? Did you know that?

Mr. COUNTRYMAN. Did I know the instant they began? No.

Mr. PERRY. Did you—okay. So around sometime mid 2012, maybe December 2012—but some time in 2012, right, you knew that, because you were providing material as well, right?

Mr. COUNTRYMAN. I was providing an expert who gave advice to the negotiation team.

Mr. PERRY. But did you know or didn't know?

Mr. COUNTRYMAN. Did I know what, sir?

Mr. PERRY. When negotiations started generally speaking based on that? When did you provide the individuals that helped?

Mr. COUNTRYMAN. Generally speaking, I knew.

Mr. PERRY. Generally speaking, you knew. So, and you also knew, I am thinking, that Rouhani wasn't elected until June 2013? Right? Right?

Mr. COUNTRYMAN. Yes, sir.

Mr. PERRY. Okay. So then when Ben Rhodes made the statement that we were dealing with the moderate in Rouhani——

Mr. COUNTRYMAN. At what time did he make this statement?

Mr. PERRY. He made the statement throughout the negotiation, because that was what we were supposed to accept here, even though many of us did not and questioned that.

Did you know then?

Mr. COUNTRYMAN. In 2013, when the JCPOA, the interim agreement with Iran was concluded, there was extensive briefing to Congress and to the press about the history of contacts between Iran and the United States.

Mr. PERRY. Leading up to that, we had questions about that, and the word was that we were all supposed to accept it that these were moderates and this is where the negotiation began. And I am not saying you came to Congress and said that, but you knew that that was not necessarily the case?

Mr. COUNTRYMAN. I strongly disagree, sir.

Mr. PERRY. You did not know that?

Mr. COUNTRYMAN. I have not heard false statements from the White House. I have heard a lot of statements during the discussion of this agreement, but not false ones from the White House.

Mr. PERRY. Did you make any statements in support of the claim that this administration was negotiating with moderates from Iran on this deal? Did you make any of those statements? Did you support——

Mr. COUNTRYMAN. Not that I recall.

Mr. PERRY. Did you support any of those statements in any of the statements that you made? Did you support that?

Mr. COUNTRYMAN. Not that I recall.

Mr. PERRY. Not that you recall.

Mr. COUNTRYMAN. My focus has been on the substance of the agreement and having done nonproliferation for 5 years, I see an agreement that is the most detailed of any kind of arms control agreement verification——

Mr. PERRY. Well, Mr. Countryman, understand that while the last questioner just outlined the fact that we are 36 months late on triggers designation for sanctions, we have a trust issue here. We have a trust issue between Congress and the administration who objectively falsified the timeline when many of us here knew it. And I think you could have said something but you chose not to. For whatever reason, that is your business.

Mr. COUNTRYMAN. I have not seen a false timeline. I have not seen——

Mr. PERRY. Mr. Chairman, I yield back.

Chairman ROYCE. We thank the witnesses. We thank General Scott Perry and the other members of the committee here for their participation as well, and we will continue the dialogue on this issue.

Thank you very much. I appreciate your attendance.

Mr. SZUBIN. Thank you.

Chairman ROYCE. We stand adjourned.

[Whereupon, at 11:58 a.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

May 25, 2016

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Wednesday, May 25, 2016

TIME: 10:00 a.m.

SUBJECT: Iran Nuclear Deal Oversight: Implementation and its Consequences (Part II)

WITNESSES: The Honorable Stephen D. Mull
Lead Coordinator for Iran Nuclear Implementation
U.S. Department of State

The Honorable Thomas M. Countryman
Assistant Secretary
Bureau of International Security and Nonproliferation
U.S. Department of State

Mr. Adam J. Szubin
Acting Under Secretary
Office of Terrorism and Financial Intelligence
U.S. Department of the Treasury

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Wednesday* **Date** *5/25/2016* **Room** *2172*

Starting Time *10:08* **Ending Time** *11:57*

Recesses [*0*] (____to____) (____to____) (____to____) (____to____) (____to____) (____to____)

Presiding Member(s)

Chairman Edward R. Royce

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING:

Iran Nuclear Deal Oversight: Implementation and its Consequences (Part II)

COMMITTEE MEMBERS PRESENT:

See attached.

NON-COMMITTEE MEMBERS PRESENT:

none

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

IFR - Rep. Mark Meadows
SFR - Rep. Gerald Connolly
QFR - Rep. Ileana Ros-Lehtinen

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *11:57*

Jean Marter, Director of Committee Operations

HOUSE COMMITTEE ON FOREIGN AFFAIRS

FULL COMMITTEE HEARING

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United States Department of State

Washington, D.C. 20520

April 8, 2016

The Honorable Pat McCrory
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor McCrory,

This past January the United States and its negotiating partners marked the implementation of the Joint Comprehensive Plan of Action (JCPOA), a historic arrangement between the United States, the European Union, the United Kingdom, France, Germany, Russia, China, and Iran that will verifiably ensure that Iran cannot obtain a nuclear weapon and that its nuclear program is and will remain exclusively peaceful. Given the interest of many in your state in the Iranian nuclear issue, and in some cases relevance to some legislation on your books, I would like to take this opportunity to summarize some of the key elements of the JCPOA, and point you and your staffs towards additional informational resources about it.

The JCPOA was concluded in July of 2015, and "Implementation Day" under the deal was reached on January 16, 2016, following the International Atomic Energy Agency's (IAEA) verification that Iran had completed all of the nuclear-related steps required to reach the lifting of nuclear-related sanctions. Iran's completion of these steps significantly improves U.S. national security, as well as the security of our partners around the world, because it effectively cuts off all of the potential pathways Iran could use to produce enough fissile material for a nuclear weapon. As a result of the JCPOA, the "breakout time" – or the amount of time it would take Iran to produce enough fissile material for one nuclear weapon – has quadrupled, going from 2-3 months to at least one year. This is because Iran has shipped out of the country 98 percent of its enriched uranium stockpile and has disabled and removed over two thirds of the uranium centrifuges that produce that material. As a result, the potential uranium pathway that Iran might have pursued to acquire a nuclear weapon if it sought to do so has been cut off.

Iran has also permanently disabled its plutonium reactor – which, if it had been completed, could have produced enough plutonium for 1-2 nuclear weapons each year – by removing the reactor core and making it inoperable by filling it with concrete. This reactor will be redesigned such that it will not produce any weapons-grade plutonium, effectively cutting off Iran's potential plutonium pathway to a nuclear weapon.

Equally important are the rigorous, intrusive, and unprecedented transparency measures that have been put in place to ensure that we can monitor Iran's nuclear program and promptly detect if Iran breaks its commitments. These include provisions that will allow international inspectors to have access to Iran's entire nuclear supply chain — its uranium mines and mills; its conversion facility; its centrifuge manufacturing and storage facilities; and its other declared nuclear sites. The JCPOA also requires Iran to implement an agreement, known as the

"Additional Protocol," which ensures that international inspectors will have greater information about, and access to, Iran's nuclear facilities. Together, these measures ensure that international inspectors at the IAEA can seek access to any suspicious location that they believe may be involved in nuclear activities. Put simply, the IAEA will have access when and where it needs it, and if there are concerns, no site will be considered off limits, including military sites. As a result of these extensive transparency measures, any potential covert pathway for Iran to obtain a nuclear weapon has been cut off.

In return for these steps, the United States lifted "nuclear-related" sanctions on Iran on Implementation Day. The United States had placed those sanctions on Iran to support efforts to secure a diplomatic resolution regarding Iran's nuclear program. In general, the sanctions lifted on Implementation Day are "secondary" sanctions – or sanctions that are directed at non-U.S. individuals and entities that engage in certain activities with Iran wholly outside of U.S. jurisdiction. While there are a few exceptions, for the most part, the sanctions that prohibit U.S. persons, such as the residents of North Carolina, from engaging in most transactions or dealings with Iran continue to apply. This is because the United States continues to have significant concerns with Iran's other activities that harm our interests, such as its support for terrorism, its human rights abuses, its destabilizing activities in the region, and its activities related to ballistic missiles.

In addition to the longstanding exceptions for certain activity including exports of agricultural commodities, food, medicine, and medical supplies, as well as for certain items to facilitate the Iranian people's access to the Internet, there are a few areas of sanctions relief under the JCPOA that may affect the residents of North Carolina. In particular, as a result of the JCPOA, we established a favorable licensing policy to license, on a case-by-case basis, the export to Iran of U.S.-origin commercial passenger aircraft, as well as parts and services for such aircraft, exclusively for commercial passenger aviation. We also generally authorized the importation into the United States of Iranian-origin foodstuffs and carpets that are otherwise consistent with U.S. laws. Last, we generally licensed U.S.-owned or -controlled foreign entities to engage in activities involving Iran that are consistent with the JCPOA and applicable U.S. laws and regulations. To the extent that you or the residents of North Carolina are interested in further information on the JCPOA, I would encourage you to visit https://www.whitehouse.gov/sites/default/files/docs/jcpoa_what_you_need_to_know.pdf. For additional information on the sanctions that have been lifted as part of this deal, I would direct you to the website of the Department of the Treasury's Office of Foreign Assets Control (OFAC) at https://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx.

Some states have adopted laws designed to incentivize Iran to change its behavior in certain ways. If that is the case in your state, I would urge you to consider whether the implementation of the JCPOA, which verifiably ensures that Iran's nuclear program is and will remain exclusively peaceful, addresses the underlying concerns with Iran articulated in your state's law. It may also be the case that the sanctions lifting in the JCPOA affects how your state agencies implement such state laws. For example, I understand that some states prohibit contracting with companies that engage in transactions with Iranian entities that are designated as a sanctioned entity by the Department of the Treasury. If that is the case in your state, I would urge you to review the relevant sanctions lists, as there have been significant changes and a number of

Iranian individuals and entities have been removed as the result of the JCPOA. All of the foregoing lists can be searched through OFAC's Sanctions List Search tool, which is available at https://sanctionssearch.ofac.treas.gov/. In addition, some state laws require divestment from non-U.S. companies that are involved in Iran's energy sector. In light of the U.S. lifting of secondary sanctions with respect to Iran's energy sector, on January 16, 2016, I would encourage you to review whether North Carolina's law might be affected by these changes.

If you have any further questions, please don't hesitate to contact me.

Best regards,

Stephen D. Mull
Lead Coordinator for Iran Nuclear Implementation

Statement for the Record

Submitted by Mr. Connolly of Virginia

This is the second hearing since Implementation Day held by the House Committee on Foreign Affairs concerning oversight of the Joint Comprehensive Plan of Action (JCPOA). One would hope that in these post-implementation hearings the Committee would demonstrate the same concern for preventing a nuclear-armed Iran that it did in the more than 30 hearings held since an international coalition of countries began successful negotiations to remove Iran's pathways to a nuclear weapon.

At the previous hearing in February, there was a concerning lack of focus on the verification and monitoring of Iranian compliance with its nuclear commitments detailed in the JCPOA. Similarly, the pressing issue before the House Committee on Oversight and Government Reform last week in its first hearing on the nuclear deal was a newspaper article about a White House Communications staffer. The record Congress has thus far established inspires little confidence in its ability to conduct serious oversight of this multilateral nonproliferation agreement profoundly important to the national security of the United States and our allies.

One can appreciate the difficult position in which opponents of the Iran Nuclear Deal currently find themselves. The JCPOA is working. Iran is meetings its obligations under the deal. However, Iran's compliance should not be shunned and disregarded as an inconvenient truth. It is a welcome development in the effort to prevent a nuclear-armed Iran, and it is a fact as certified by an international nuclear inspections body.

As detailed in the report, "Verification and Monitoring in the Islamic Republic of Iran in light of United Nations Security Council Resolution 2231" the International Atomic Energy Agency (IAEA) certified that Iran took the necessary steps to complete the actions required by paragraphs 15.1-15.11 of Annex V of the JCPOA.

Under those provisions, Iran modified the Arak Heavy Water Research Reactor and filled the reactor calandria with concrete. Iran reduced its number of installed centrifuges from 19,000 to 6,104 at the fuel enrichment plants at Natanz and Fordow and ceased all uranium enrichment activities at Fordow. Iran is no longer enriching uranium above 3.67% and has reduced its stockpile to no more than 300 kg. Centrifuge production and uranium mines and mills are under constant surveillance. Additionally, Iran has implemented the monitoring regimes of the Additional Protocol – which gives the IAEA expedient access to any site suspected of contributing to an illicit nuclear program – and Modified Code 3.1 – which requires advanced notice of any construction or design changes at a nuclear facility. The entire Iranian nuclear supply chain is now restricted and subject to monitoring by the IAEA.

An examination of these metrics would constitute serious and credible oversight of the JCPOA. Most importantly, such oversight would help guard against inevitable attempts by Iran to test the controls placed on its nuclear program.

In the interest of preventing that which we all can agree is an unacceptable outcome – a nuclear-armed Iran – Congress must begin to work in concert with the Administration to ensure that the nuclear agreement is fully implemented and strictly enforced.

To this end, I have introduced bipartisan legislation to establish a Congressional-Executive Commission to oversee the implementation of the JCPOA and verify Iran's compliance with its obligations under the deal. The Commission to Verify Iranian Compliance Act (H.R. 3741) will ensure close and enduring Congressional oversight of the JCPOA as well as coordination between Congress and the Administration regarding implementation of the deal.

The Commission to Verify Iranian Nuclear Compliance is modeled after the Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, which was created in 1976 to monitor compliance with the Helsinki Final Act. Despite initial pushback from the Nixon Administration, the Helsinki Commission has served as an oversight model and is still actively carrying out its mission nearly 40 years after it was established.

The Commission will include 16 Members of Congress (8 from the Senate and 8 from the House of Representatives) and 4 representatives from the Executive Branch (representing the Department of State, Department of Defense, Department of the Treasury, and Department of Energy). Commissioners will be appointed by the respective Chamber leadership, the leadership of the Senate Foreign Relations Committee and House Foreign Affairs Committee, and the President.

By all accounts, prior to the implementation of the Joint Plan of Action (JPOA) on January 20, 2014, Iran possessed an opaque and unconstrained nuclear program that had expanded from a negligible number of installed centrifuges to more than 19,000 in less than ten years. We were approaching a moment in which our only choice for arresting Iran's nuclear advance was the euphemistically termed *kinetic option*.

That is no longer the imperative, and we should take every necessary precaution to sustain this welcome alternative – one in which the U.S. is the leader of an international coalition of countries that have coalesced around a shared goal of preventing Iran's development of a nuclear weapon.

I look forward to hearing from our witnesses today. We must demonstrate that this Committee can prioritize serious matters over the trivial. I hope the attention of the Committee is not easily distracted by cynical efforts to undermine a deal that is working, and instead focuses on matters that strengthen the verification and monitoring of Iranian compliance.

Questions for the Record Submitted to
Lead Coordinator Stephen D. Mull
by Representative Ros-Lehtinen
House Foreign Affairs Committee
May 25, 2016

Question:
Do you know how many proposals have been submitted to the Working Group and how many have been denied?

Answer:
The Procurement Working Group (PWG) has received one proposal, which was withdrawn by the proposing state before the PWG review period was over. We would be happy to provide additional details in a classified setting.

Question:
How many have been submitted by the United States, China, Russia? How many have been nuclear-related versus non-nuclear related?

Answer:
The United States has not submitted any proposals to the Procurement Working Group. As previously indicated, we would be happy to provide additional details in a classified setting.

Question:
What sort of transparency do we have into the procurement process – that is to say, when a seller in China is approved to provide a certain dual-use item to Iran, China is responsible for end-use monitoring. Does the U.S. or the Working Group have any insight or oversight into these end-use monitoring?

Answer:
UNSCR 2231 requires States that engage in transfers of covered items and technology to Iran ensure that, among other things, "they have obtained and are in a position to exercise effectively a right to verify the end-use and end-use location of any supplied item." In addition, according to the JCPOA, Iran will provide the IAEA access to the locations of intended use for all NSG Part 1 ("Trigger List") transfers and will permit the exporting state to verify the end-use of all NSG Part 2 ("Dual Use Annex") transfers through the Procurement Channel process. The participants to the PWG may take into account the end-use verification procedures when considering whether to approve a proposal. In addition, under the JCPOA, upon the request of the exporting state, or if the Joint Commission deems necessary when approving a transfer proposal, the Joint Commission will provide expertise to the exporting state (including experts, as needed) to participate in end-use verification.

Questions for the Record Submitted to
Assistant Secretary Countryman by
Representative Ileana Ros-Lehtinen
House Foreign Affairs Committee
May 25, 2016

Question:
So could you tell us what the status is of the latest INKSNA report – when can we expect to see it, and what is taking so long? Has State implemented any of the GAO's recommendations to make this process more timely?

Answer:
The Department of State previously delivered the Iran, North Korea, and Syria Nonproliferation Act Sanctions (INKSNA) reports to the Hill in August 2015 and December 2014. The next report covering 2013 will be delivered on June 28, 2016. The Department is working to minimize delays in the completion of the report and aims to comply with INKSNA's six-month reporting cycle as we clear the existing backlog.

Question:
Was it the administration's intention to purchase Iran's excess heavy water in order to encourage other countries to buy Iranian heavy water, thus legitimizing this rogue regime as a nuclear supplier?

Answer:
Full implementation of the Joint Comprehensive Plan of Action (JCPOA) verifiably ensures that Iran's nuclear program is and will remain exclusively peaceful. To reach Implementation Day, and prior to the lifting of nuclear-related sanctions, the JCPOA required Iran to take a number of nuclear-related steps that effectively cut off Iran's potential pathways to acquire enough fissile material for a nuclear weapon. These nuclear measures included cutting off Iran's plutonium pathway, by, among other measures, removing the core of the Arak heavy water research reactor and rendering it permanently inoperable, and reducing its stockpile of nuclear-grade heavy water to less than 130 metric tons (MT), which is the current cap under the JCPOA. Iran exported its excess heavy water to Oman, where this inventory is under IAEA monitoring, in anticipation of a sale on the international market.

The United States does not produce heavy water, and currently has no inventory of heavy water that is suitable for industrial and research applications. While the substantial U.S. demand for heavy water for non-nuclear applications has been met in recent years, there has been a history of challenges in procuring heavy water over the past decade to meet domestic requirements. Most international producers of heavy water fill their own domestic nuclear demand before making excess supply available for sale. Moreover, the global supply of heavy water available to the international market is limited while demand continues to grow.

This purchase provides U.S. industry and research facilities with a critical product, while also providing a final disposition for excess heavy water that was exported from Iran prior to Implementation Day as contemplated in the JCPOA. The United States was under no commitment to purchase heavy water from Iran, nor is it committed to do so in the future. It is

possible that other countries with a need for heavy water may choose to purchase excess Iranian heavy water as well, and we understand certain countries have already expressed interest in doing so.

Question:
The limit Iran is allowed to maintain is 130 tons of heavy water, yet it was clearly going to be in violation because it continued to produce more despite approaching this limit. Why is Iran producing more than it is allowed to maintain, and why did the administration go to extraordinary lengths to bail the regime out?

Answer:
Under the Joint Comprehensive Plan of Action (JCPOA), Iran may have no more than130 metric tons (MT) of nuclear-grade heavy water until the redesigned Arak reactor is commissioned at which time this amount is reduced to 90 MT. Prior to Implementation Day, Iran exported its excess heavy water to Oman, where this inventory remains under IAEA monitoring, in anticipation of sale on the international market. Since Implementation Day, our focus has been on ensuring that Iran fulfills its nuclear-related commitments under the JCPOA, including with respect to its heavy water stockpile. We will continue to watch closely to ensure Iran fulfills its commitments.

The United States was under no commitment to purchase heavy water from Iran, nor is it committed to do so in the future. The United States does not produce heavy water, and currently has no inventory of heavy water that is suitable for industrial and research applications. This purchase provides U.S. industry and research facilities with a critical product, while also providing a final disposition for excess heavy water that was exported from Iran prior to Implementation Day as contemplated in the JCPOA.

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