IRAN'S POWER PROJECTION CAPABILITY

HEARING

BEFORE THE

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OF THE

COMMITTEE ON OVERSIGHT

AND GOVERNMENT REFORM

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IRAN’S POWER PROJECTION CAPABILITY

Thursday, November 5, 2015

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON NATIONAL SECURITY
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
Washington, D.C.

The subcommittee met, pursuant to call, at 9:04 a.m., in Room 2154, Rayburn Office Building, Hon. Ron DeSantis [chairman of the subcommittee] presiding.
Present: Representatives DeSantis, Russell, Hice, Hurd, Lynch, Kelly, and Lawrence.
Also present: Representative Welch.
Mr. DeSANTIS. The Subcommittee on National Security will come to order.
Without objection, the chair is authorized to declare a recess at any time.
This hearing will conduct oversight over the enhancement due to the Obama administration’s nuclear deal of Iran’s current capabilities to project power by reviewing Iran’s own military arsenal, as well as its financing, training, and arming of proxy groups throughout the Middle East. The hearing will also examine how the U.S. should be prepared to defend its national security interests in the Middle East and at home against Iran’s advancement in power projection as a result of sanctions relief.
It has been reported that Iran’s defense budget makes up one-third of its national $300 billion budget. If these estimates are accurate, an influx of $100 billion due to sanctions relief would increase Iran’s single-year budget by a third, providing it with substantially increased financial resources to further its foreign policy agenda.
It is well known that Iran projects power in the Middle East through the funding of foreign terrorist organizations, hostile governments, and political activist movements, and by arming militant groups and offering training facilities. Iran has long been a supporter of the Lebanese group Hezbollah, the, “vanguard of resistance to Israel.” Hezbollah is perhaps Iran’s most effective terrorist organization within the region and of course was responsible for killing more than 240 Americans at the Marine Corps barracks in Beirut in 1983.
With Iran’s financial and military assistance, Hezbollah has become a prominent influence in Lebanese politics. The State Department estimates that Iran has given Hezbollah hundreds of millions of dollars and trained thousands of Hezbollah troops at Iranian training facilities.
In 2014, the U.S. intelligence community Worldwide Threat Assessment argued that Hezbollah has, “increased its global terrorist activity in recent years to a level that we have not seen since the 1990’s.”

Further Iranian funding of Hezbollah would be, of course, of serious concern to the U.S. and our allies.

Hamas has also consistently received funds, weapons, and training from Iran. People talk about Iran being a Shiite power. They are absolutely willing to arm Sunni groups like Hamas. And then when you have decent Shiite governments like in Azerbaijan, Iran is opposed to that. Iran has frequently assisted Shiite militias and terrorists in Iraq, Bahrain, and Yemen. For these reasons, Iran has been designated by the State Department as a state sponsor of terrorism since 1984.

Iran is maintaining and expanding an advanced ballistic and cruise missile program that poses a threat to U.S. forces, interests, and allies in the gulf region and beyond. The recently signed nuclear accord does not limit Iran’s ability to continue to develop its ballistic and cruise missile programs. The potential influx of funding as a result of sanction relief may facilitate the advancement of Iran’s ballistic and cruise missile programs which will result in Iran posing an even more lethal threat to the United States and our allied assets in the region.

Our military leaders understand the threat posed by Iran. During his confirmation hearing in July for JCS Chairman, Marine Corps General Joe Dunford said, “my expectation is that regardless of there being an agreement or not, Iran will continue to be a malign force and influence across the region.”

Retired Marine Corps General Jim Jones further elaborated on this threat during testimony before the Senate Armed Services Committee hearing last month. He said, “it is a regime that artfully dodges its commitments, generates international friction to exert greater domestic control on its citizens, constantly hardens its grip on the country. The mullahs’ government seriously violates human rights, U.N. Security Council resolutions and international law. They reject the right of Israel to exist by opposing and actively undermining the Middle East peace process. And Tehran remains the chief antagonist of democracy and liberalization across the Middle East where a better future for millions of people struggles to emerge. Its goal is the consolidation of the revolution, which is martially enforced at home by the Islamic Revolutionary Guard Corps and prosecuted abroad by the Quds Force and Iran’s many proxy groups.”

And I think it is worth pointing out that under the agreement with the Obama administration, the international sanctions on the Quds Force are actually lifted.

Sanctions relief will exacerbate Iran’s ability to pursue a nefarious foreign policy agenda. Israeli officials have warned that Tehran will direct billions of dollars it will reap from the end of economic sanctions toward its anti-Israel proxies in the region. Iranian officials often call for Israel’s destruction. Short of that, proxy forces like Hezbollah, Hamas, and Palestinian Islamic Jihad provide Tehran with a shield against a possible Israeli military strike on its nuclear program.
And I would note today in the “Wall Street Journal,” we have on the front page Iranian hacking surges in the U.S. And so here you have an agreement. We claim that Iran is going to start to change its ways and they are not going to have a military use of nuclear energy, but yet how are they responding to that? They are hacking inside the United States.

So Iran’s foreign policy will remain at odds with U.S. interests. And so with this understanding, we must turn to the tasks of protecting U.S. national security issues and the job of standing by our closest allies in the region.

And so we are delighted to have such a great group of witnesses here for our hearing, and I will recognize them in a minute. But before I do that, I would like to recognize the ranking member of the Subcommittee on National Security, Mr. Lynch, for his opening statement.

Mr. Lynch. Thank you, Mr. Chairman. I want to thank you for holding this important hearing.

I also want to thank our witnesses for helping the committee out with its work.

There is no doubt that Iran is a destabilizing force in the Middle East, and I agree with the quote by General Dunford that they will continue to be so in the future.

The United States first placed Iran on its terrorist list in 1984 due to its support of Lebanese Hezbollah. In its most recent country terrorism report, the State Department found that throughout 2014 Iran did continue to support terrorist groups, including Hezbollah, and providing financing, training, and arms to Iraqi Shia militias and even some Afghan fighters to bolster Bashar al-Assad in Syria.

Iran has also detained American hikers and journalists, and most recently is reported to have arrested two American citizens on unspecified charges.

It is clear that we cannot trust the Iranian regime, but that is precisely why the Obama administration has worked so hard to reduce their nuclear weapons capabilities. I believe that the Joint Comprehensive Plan of Action, also known as the Iran nuclear agreement, offers us the most viable path toward limiting Iran’s nuclear program and preventing its future development of a nuclear weapon.

In referencing the nuclear arms race between the United States and the Soviet Union in his 1960 inaugural address, President Kennedy remarked that, “sincerity is always subject to proof” The Iran nuclear agreement does not require us to simply rely on the sincerity of the Iranian leadership. Rather, it depends entirely on proof in the form of a robust nuclear inspections and verification regime conducted by IAEA, the International Atomic Energy Agency. To be clear, the lifting of nuclear-related United Nations and European Union sanctions will only occur after IAEA verification that Iran has complied with its end of the deal.

Specifically, the IAEA must monitor and verify that Iran has met a variety of the stipulations required by the agreement. For instance, Iran must reduce its total uranium stockpiles by 97 percent, from 10,000 kilos to 300, immediately. It must also reduce the number of centrifuges from 19,000 to about 6,000, which Iran has
reportedly already begun to do so. The IAEA must also verify that Iran does not produce or retain any weapons-grade uranium, and the little low-enriched uranium remaining is to be for commercial and scientific uses only.

The IAEA must monitor and verify the dismantling of the heavy water reactor at Iran’s water plant in Arak so that it will not longer be able to produce weapons-grade plutonium. These are just a few of the substantial physical and verifiable reductions that Iran must undertake.

The Treasury Department estimates that upon implementation of the agreement, Iran will have access to between $100 billion and $125 billion in foreign exchange assets held in the U.S., EU, and mostly Asian banks, a lot of which is already obligated, including nearly $20 billion owed to China.

In all, experts anticipate Iran to use the vast majority of these funds to pay down current debt obligations and domestic needs estimated to be over a half a trillion dollars. These needs include as much as $200 billion in necessary oil infrastructure investments and the purchase of commercial aircraft to replace a deteriorated domestic fleet.

There is still the danger that Iran may direct a portion of repatriated funds to finance terrorist activity or further destabilize the Middle East. That is why it is critical that the agreement leaves in place our sanctions pertaining to terrorist financing, human rights, and weapons of mass destruction. As noted by the non-partisan Congressional Research Service, the many U.S. sanctions that will remain include those specified by Executive Order 13224 issued by President Bush following the 9/11 terrorist attacks and authorizing the U.S. Government to block the assets of foreign entities and individuals to support terrorist organizations.

Chief among them is the Islamic Revolutionary Guard Corps, which the State Department has deemed the regime’s primary mechanism for cultivating and supporting terrorists abroad. Iran’s designation as a state sponsor of terrorism will also stay in effect along with the array of sanctions that accompany it, from export controls and prohibitions on arms sales to withholding economic assistance.

The nuclear agreement also includes a snapback mechanism to reimpose sanctions in the event that Iran cheats.

Mr. Chairman, I look forward to discussing with today’s witnesses how we might build upon the Iran nuclear agreement, the purpose of which is stated in the preface of the agreement that we can all support, and that is, quote—and I am quoting from the agreement—that under no circumstances will Iran ever seek, develop, or acquire any nuclear weapons.

Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. DeSantis. The gentleman yields back. Thank you.

I will hold the record open for 5 legislative days for any members who would like to submit a written statement.

We are going to recognize our panel of witnesses. We look like we are going to have votes called in about an hour, so my hope is, if you stay to the 5 minutes, we will then do our questioning and hopefully we can get everyone or definitely most people in because
I would hate to have to recess and come back. I know you guys have a lot to do.

So first, I am pleased to welcome Lieutenant General Thomas McInerney, United States Air Force, retired, member of the Iran Policy Committee; Dr. Jonathan Schanzer, Vice President for Research at the Foundation for Defense of Democracies; Dr. Steven Bucci, Director of the Center for Foreign and National Security Policy at the Heritage Foundation; and Mr. Alireza Nader, Senior International Policy Analyst at the RAND Corporation. Welcome to you all.

Pursuant to committee rules, all witnesses will be sworn in before they testify. So if you would please stand and raise your right hands.

[Witnesses sworn.]

Mr. Desantis. Witnesses, thank you. Please be seated.

All witnesses answered in the affirmative.

Your entire written statement will be made part of the record, so please limit your testimony to 5 minutes. Lieutenant General McInerney, you are now recognized for 5 minutes.

WITNESS STATEMENTS

STATEMENT OF THOMAS McINERNEY

Mr. McInerney. Chairman DeSantis, Ranking Member Lynch, members of the Subcommittee on National Security, thank you for the opportunity to give you my concerns on this important subject to our Nation’s current and future national security in the Middle East.

The Iran nuclear agreement or, as it is officially titled, The Joint Comprehensive Plan of Agreement, is the most dangerous nuclear agreement ever signed by an American President. Its impact on Iran’s ability to dominate the Arabian peninsula and force project in the future is profound.

I harken back to my days on active duty when I commanded a U.S. Air Force Europe task force to a CENTO exercise in Iran in 1977, composed of 12 F–4’s and six 111’s flying out of Shiraz, Iran. The Shah of Iran was highly motivated in expanding stability in the region until the Carter administration threw him under the bus, as the current administration has done in Egypt, Libya, and Syria, as well as enabling the Iranians to make Iraq a proxy with our withdrawal in 2011.

I say this for the following reasons.

Having read the document in full, one can make a reasonable case that it limits Iranian nuclear weapons development over the short term with some reasonable oversight procedures. However, these are just words similar to what Neville Chamberlain produced in September 1938 and yet a year later, World War II started and 60 million lives were lost. My point is that words might be acceptable if we believe that Iran was a trustful partner in this agreement. Yet the mullahs have never observed an agreement in the past.

This agreement should be a formal treaty in accordance with our Constitution.

The Senate has not yet had a vote to approve it.
There is no coupling with the agreement and Iran’s proxy force projection of its radical Islamic terror activities globally. Iran has already made violations of the agreement even before it was approved. These violations include the visit of General Soleimani to Moscow where he met President Putin and leaders in violation of U.N. sanctions to discuss the sale of the S–300 SAM. They intentionally violate agreements and nothing happens.

The Iranians launched a nuclear capable IRBM on 10 October 2015 in violation of U.N. Security Council resolution 1929. No action has been taken against them.

Now, several months after the agreement was reached in July, the Russians projected forces into Syria to keep Bashar al-Assad in power and attack the Free Syrian Army’s forces supported by the U.S.-led coalition. The PRC is now supporting the Assad government. Is something wrong with this picture of Iranian bad behavior being supported by Russia and China after the agreement was signed?

Israel who has the most to lose with this agreement is now facing a third intifada instigated by Iran.

In the meantime, with a growing radical Islamic threat, this administration has been unilaterally disarming the U.S. military ever since they came into office starting in April 2009 with the cancellation of the F–22, the next generation bomber, the missile defense system in Poland and the Czech Republic, and withdrawing prematurely from a stabilized Iraq, which has resulted in the creation of ISIS in 2009.

The administration shifted U.S. policy shortly after the President’s Cairo speech where he had Muslim Brotherhood members in the front row. President Mubarak was not invited, which resulted in the Muslim Brotherhood, a radical Islamic organization, taking over Egypt until the Egyptian people and General el-Sisi threw them out.

It further created instability in the Middle East by attacking Libya to remove Colonel Qaddafi without congressional authorization. This resulted in the deaths of four Americans on 11 September 2012 when the U.S. consulate was attacked. No American military response was forthcoming.

Today a land and air bridge from Iran goes through Iraq that the Russians and Iranians are using to reinforce Syria in violation of the U.N. Security Council.

This is the most dangerous situation ever in the Middle East. I am skeptical of the Iranians agreeing to follow this nuclear agreement. They will continue to force project forces throughout the region to spread radical Islam, which the administration calls violent extremism. I know not the ideology of violent extremism, but I do know the ideology of radical Islam, the Koran, Hadith and Sharia Law.

In summary, I am very concerned we have signed an agreement that will rival Neville Chamberlain’s failed agreement and encourage more Iranian force projection.

Who could have predicted 7 years ago we would leave a vacuum for Russian reemergence into the region and Iran would be the de facto hegemon?
Thank you for your time and God bless you all during these very difficult times for America.

[Prepared statement of Mr. McInerney follows:]
THE IRAN NUCLEAR AGREEMENT ENABLES IRAN POWER PROJECTION

LT GENERAL THOMAS G MCINERNEY USAF RETIRED

5 NOVEMBER 2015

MR CHAIRMAN AND RANKING MEMBER AND MEMBERS OF THE HOUSE OVERSIGHT COMMITTEE. THANK YOU FOR THE OPPORTUNITY TO GIVE YOU MY CONCERNS ON THIS IMPORTANT SUBJECT TO OUR NATIONS CURRENT AND FUTURE NATIONAL SECURITY IN THE MIDDLE EAST.

THE IRAN NUCLEAR AGREEMENT OR AS IT OFFICIALLY TITLED: THE JOINT COMPREHENSIVE PLAN OF AGREEMENT (JCPOA) IS THE MOST DANGEROUS NUCLEAR AGREEMENT EVER SIGNED BY AN AMERICAN PRESIDENT. ITS IMPACT ON IRAN’S ABILITY TO DOMINATE THE ARABIAN PENINSULA AND FORCE PROJECT IN THE FUTURE IS PROFOUND. I HARKEN BACK TO MY DAYS ON ACTIVE DUTY WHEN I COMMANDED A USAF TASK FORCE TO A CENTO EXERCISE IN IRAN IN 1977 COMPOSED OF 12 F4E’S AND 6 F 111 E’S FLYING OUT OF SHIRAZ IRAN. THE SHAH OF IRAN WAS HIGHLY MOTIVATED IN EXPANDING STABILITY IN THE REGION UNTIL THE CARTER ADMINISTRATION THREW HIM UNDER THE BUS AS THE CURRENT ADMINISTRATION HAS DONE IN EGYPT, LIBYA AND SYRIA AS WELL AS ENABLING THE IRANIANS TO MAKE IRAQ A PROXY WITH OUR WITHDRAWAL IN 2011.

I SAY THIS FOR THE FOLLOWING REASONS:

1. HAVING READ THE JCPOA DOCUMENT IN FULL, ONE CAN MAKE A REASONABLE CASE THAT IT LIMITS IRANIAN NUCLEAR WEAPONS DEVELOPMENT OVER THE SHORT TERM WITH SOME REASONABLE OVERSIGHT PROCEDURES. HOWEVER THESE ARE JUST WORDS SIMILAR TO WHAT NEVILLE CHAMBERLAIN PRODUCED IN SEPTEMBER 1938 AND YET A YEAR LATER, WORLD WAR II STARTED AND 60 MILLION LIVES WERE LOST. MY POINT IS THAT THE WORDS MIGHT BE ACCEPTABLE IF WE BELIEVED THAT IRAN WAS A TRUSTFUL PARTNER IN THIS AGREEMENT, YET THE MULLAHS HAVE NEVER OBSERVED AN AGREEMENT IN THE PAST.

2. THIS AGREEMENT SHOULD BE A FORMAL TREATY IN ACCORDANCE WITH OUR CONSTITUTION YET THE PRESIDENT DID NOT FOLLOW THE CONSTITUTION. IT MAKES ME VERY DOUBTFUL THAT THE WORDS ARE IN THE BEST INTERESTS OF THE UNITED STATES.

3. THE SENATE HAS NOT HAD A VOTE TO APPROVE THE JCPOA BECAUSE THE SENATE DEMOCRATES FILLIBUSTED IT. THIS IS ANOTHER REASON WHY IT IS NOT IN THE BEST INTERESTS OF THE UNITED STATES.

4. THERE IS NO COUPLING WITH THE JCPOA AND IRANS PROXY FORCE PROJECTION OF ITS RADICAL ISLAMIC TERROR ACTIVITIES GLOBALLY I.E. YEMEN, SYRIA, IRAQ, LEBANON, GAZA, AS WELL AS SOUTH AMERICA.
5. IRAN HAS ALREADY MADE VIOLATIONS OF THE AGREEMENT EVEN BEFORE IT WAS APPROVED. THESE VIOLATIONS INCLUDE THE VISIT OF GEN QASEM SOLEIMANI TO MOSCOW WHERE HE MET PRESIDENT PUTIN AND THEIR TOP MILITARY AND DEFENSE LEADERS IN VIOLATION OF THE UN SANCTIONS TO DISCUSS THE SALE OF THE S-300 SAM. IN OTHER WORDS THEY INTENTIONALLY VIOLATE AGREEMENTS AND NOTHING HAPPENS.

6. THE IRANIANS LAUNCHED A NUCLEAR CAPABLE IRBM ON 10 OCT 2015 IN VIOLATION OF UNSC RESOLUTION 1929 AND YET NO ACTION HAS BEEN TAKEN AGAINST THEM.

7. THE SANCTIONS HAVE BEEN EXTREMELY EFFECTIVE AGAINST IRAN YET THEY WERE RECEIVING $700M EVERY 28 DAYS FOR PARTICIPATING IN THE TALKS WHICH AMOUNTED TO OVER $13 B PER YEAR JUST TO NEGOTIATE. THIS WAS A SIGNIFICANT AID TO THEIR ECONOMY AND TERRORISTS PROJECTION ACTIVITIES.

8. ONCE THE SANCTIONS ARE LIFTED THEY WILL GET BETWEEN $100 B AND $150 B OF THEIR EMBARGOED FUNDS WHICH RUSSIA, CHINA, GERMANY, FRANCE AND UK HAVE ALREADY LINED UP FOR TRADE PURPOSES. WHAT DOES NOT GO TO BOOST THEIR ECONOMY WILL GO INTO POWER PROJECTING TERRORISTS ACTIVITIES AGAINST THE WEST AND OUR ALLIES WHICH IS THEIR TOP PRIORITY.

9. THE MEMBERS OF THE P5+1 TOLD OUR NEGOTIATORS THAT THEY WOULD NOT SNAP BACK IF THE US CONGRESS DISAPPROVED THE DEAL? WHY SHOULD WE EXPECT THEM TO EVER IMPLEMENT SNAP BACK PROCEDURES. THAT IS A PIPE DREAM UNFORTUNATELY, SO IRAN WILL NOT REALLY SEE THE MEMBERS WORKING HARD TO OVERSEER THIS FLAWED AGREEMENT, ESPECIALLY RUSSIA AND CHINA.

10. NOW SEVERAL MONTHS AFTER THE AGREEMENT WAS REACHED IN JULY, THE RUSSIANS FORCE PROJECTED FORCES INTO SYRIA TO KEEP BASHIR ASSAD IN POWER AND TO ATTACK FREE SYRIAN ARMY FORCES SUPPORTED BY THE US LED COALITION. IN ADDITION, THE PRC IS NOW SUPPORTING THE ASSAD GOVERNMENT. IS SOMETHING WRONG WITH THIS PICTURE OF IRANAIN BAD BEHAVIOR BEING SUPPORTED BY RUSSIA AND CHINA AFTER THE IRANIAN NUCLEAR AGREEMENT?

11. ISRAEL WHO HAS THE MOST TO LOSE WITH THIS AGREEMENT IS NOW FACING A THIRD INTIFIDA INSTIGATED BY IRAN.


13. THE ADMINISTRATION SHIFTED ITS POLICY SHORTLY AFTER THE PRESIDENTS CAIRO SPEECH WHERE HE HAD MUSLIM BROTHERHOOD
MEMBERS IN THE FRONT ROW AND PRESIDENT MUBARAK WAS NOT INVITED WHICH RESULTED IN THE MUSLIM BROTHERHOOD, A RADICAL ISLAMIC ORGANIZATION, TAKING OVER EGYPT UNTIL THE EGYPTIAN PEOPLE AND GEN AL SISI THREW THEM OUT.

14. IT FURTHER CREATED INSTABILITY IN THE MIDDLE EAST BY ATTACKING LIBYA TO REMOVE COL QADDAFI WITHOUT CONGRESSIONAL AUTHORIZATION. THIS RESULTED IN THE DEATHS OF FOUR AMERICANS ON 11 SEP 2012 WHEN THE US CONSULATE WAS ATTACKED BY ANSAR AL SHARIA, NO AMERICAN MILITARY RESPONSE WAS FORTHCOMING.

15. TODAY AS YOU LOOK ACROSS THE REGION YOU SEE A LAWLESS LIBYA DOMINATED BY RADICAL ISLAMISTS. SYRIA IS IN SHAMBLES WITH RUSSIAN MILITARY FORCES IN COUNTRY ATTACKING THE FREE SYRIAN ARMY. IRAQ A PROXY OF IRAN WITH QUDS FORCES FIGHTING ALONGSIDE IRAQI FORCES LED BY GEN QASEN SOLEIMANI AND RUSSIAN MILITARY ADVISORS IN BAGHDAD. YEMEN IS IN SHAMBLES. ISRAEL IS ABSORBED WITH A THIRD INTIFADA. THERE ARE OVER 100,00 MISSILES PREPOSITIONED BY HEZBOLLAH IN LEBANON AND GAZA.

16. TODAY A LAND AND AIR BRIDGE FROM IRAN GOES THRU IRAQ THAT THE RUSSIANS AND IRANIANS ARE USING TO REINFORCE SYRIA IN VIOLATION OF THE UN SECURITY COUNCIL. TOMORROW IRAN CAN USE IT TO ATTACK ISRAEL.

17. THIS IS THE MOST DANGEROUS SITUATION EVER IN THE MIDDLE EAST. I AM VERY SCEPTICAL OF THE IRANIANS AGREEING TO FOLLOW THIS NUCLEAR AGREEMENT FOR VERY LONG AND THEY WILL CONTINUE TO FORCE PROJECT IRGC AND IRREGULAR FORCES THROUGHOUT THE REGION TO SPREAD RADICAL ISLAM WHICH THE ADMINISTRATION CALLS VIOLENT EXTREMISM. I KNOW NOT THE IDEOLOGY OF VIOLENT EXTREMISM BUT I DO KNOW THE IDEOLOGY OF RADICAL ISLAM-THE KORAN, HADITH AND SHARIA LAW.

18. FINALLY BECAUSE OF THESE HUGE ERRORS OF LEADING FROM BEHIND RUSSIA HAS NOW REMERGED AS A POWER IN THE REGION AFTER A 42 YEAR ABSENCE.

IN SUMMARY MR CHAIRMAN AND THE COMMITTEE I AM VERY CONCERNED WE HAVE SIGNED AN AGREEMENT THAT WILL RIVAL NEVILLE CHAMBERLAIN’S FAILED AGREEMENT AND ENCOURAGE MORE IRANIAN PROXY FORCE PROJECTION. I JUST HOPE THE CONSEQUENCES WILL NOT BE REPEATED.

WHO WOULD HAVE PREDICTED SEVEN YEARS AGO WE WOULD LEAVE A VACUUM FOR RUSSIAN REMERGERENCE INTO THE REGION AND IRAN WOULD BE THE DE FACTO Hegemon.

THANK YOU FOR YOUR TIME AND GOD BLESS YOU ALL DURING THESE VERY DIFFICULT TIMES FOR AMERICA.
Mr. DeSantis. Thank you, General.
The chair now recognizes Mr. Schanzer for 5 minutes.

STATEMENT OF JONATHAN SCHANZER

Mr. Schanzer. Chairman DeSantis, Ranking Member Lynch, members of the subcommittee, on behalf of FDD and its Center on Sanctions and Illicit Finance, thank you for the opportunity to testify.

Iran has long projected power through the financing of its proxies around the Middle East. This strategy figures prominently in Iran’s plans for regional hegemony.

The nuclear deal signed this summer will now provide Iran with an estimated $120 billion in sanctions relief and another $18 billion in annual oil sales. The White House insists Iran will invest this windfall in roads, schools, hospitals, and other neglected infrastructure, but this is wishful thinking given Iran’s track record. Even if Iran earmarks only 10 percent for its proxies, we are looking at more than $10 billion in illicit finance.

The beneficiaries of Iran’s largesse will include terrorist groups, Hamas, Hezbollah, Palestinian Islamic Jihad, Kata’ib Hezbollah, and other violent factions in Iraq and al-Sabireen, a new Shiite group in Gaza.

On top of that, we can expect continued assistance to the Assad regime in Syria which continues to drop barrel bombs on its own population. And let us not forget the Houthis who continue to play a destabilizing role in Yemen.

Iran’s sanctions relief will further benefit Iran’s hardliners who bankroll those terror groups and rogue regimes. This includes the Islamic Revolutionary Guard Corps, IRGC, which will see many of its sanctioned entities de-listed in Europe. Sanctions relief will further benefit companies belonging to the Supreme Leader himself. I am referring here to Ali Khamenei’s economic empire known as EIKO.

Mr. Chairman, all this raises troubling questions about the U.S. Treasury’s mission. It was a little more than a year ago when the New York Times’ David Sanger wrote about the Treasury sanctions team is President Obama’s favorite noncombatant command. The moniker was well deserved. The Office of Terrorism and Financial Intelligence played a crucial role, along with Congress in building the sanctions architecture that punished Iran for its nuclear mendacity, ballistic missile development, the funding of terror groups, human rights abuses, and the backing of rogue states.

Above all else, Treasury’s mandate was to protect the integrity of the U.S.-led financial sector, but that mandate is now in jeopardy. The banks, businesses, and persons said to be de-listed have not earned it. Iran has provided no evidence that they have ceased their illicit activities, and once they are de-listed, the terms of the Iran deal forbid them from being re-listed, even if they commit new financial crimes. And the $120 billion in sanctions relief will flow regardless of Iran’s regional activity. In the end, Treasury’s principles were compromised to secure President Obama a diplomatic victory, and it is doubtful that this will be a lasting one.

For Treasury’s mission to be taken seriously, it must now be able to resume its campaign against Iranian financial crimes and to
punish Iran for violations of the nuclear deal. How it will do this, given the constraints of the Iran deal, is unclear.

Mr. Chairman, the road ahead will be challenging, but I offer several recommendations here for the committee's consideration.

Number one, Treasury needs to reaffirm its mission. Congress should request a road map from the Office of Terrorism and Financial Intelligence. Treasury must now articulate how it plans to continue to be an effective noncombatant command under these new challenging circumstances.

Number two, change the way Treasury designates. Treasury usually targets illicit financial actors by designating them pursuant to one executive order, such as terrorism or human rights or proliferation. But in the case of Iran, illicit actors are often guilty of many financial crimes. Congress should demand that Treasury designate more entities under multiple executive orders simultaneously, making it harder for them to de-list.

Number three, enforce what we have left. Congressional oversight over what relevant sanctions architecture remains is crucial to stemming the flow of Iranian illicit finance. The rigorous enforcement of existing executive orders and the creation of new ones, when appropriate, will be vital to curbing Iranian support for terrorism.

Number four, enforce and expand designations of IRGC-affiliated entities. Congress should direct Treasury to designate the IRGC in its entirety under Executive Order 13224 for its role in financing, directing, and supporting international terrorism. It is currently designated for proliferation and human rights purposes, while only the Quds Force, an IRGC subsidiary, is designated for terrorism.

And number five, lower the threshold for IRGC designations. Congress should consider making it easier to designate IRGC companies. The Financial Action Task Force suggests that the threshold could be 25 percent controlled and that could include both members of the board and stakeholders.

Mr. Chairman, on behalf of FDD and its Center on Sanctions and Illicit Finance, thank you again for inviting me to testify. If I have missed anything that you wish to discuss, I am happy to answer your questions.

[Prepared statement of Mr. Schanzer follows:]
Chairman DeSantis, Ranking Member Lynch, members of this subcommittee on national security, on behalf of the Foundation for Defense of Democracies and its Center on Sanctions and Illicit Finance, thank you for the opportunity to testify.

I will focus my testimony today on Iran’s ability to project power through the financing of its proxies around the Middle East, including terrorist groups, destabilizing insurgencies, and rogue regimes. To be clear, Iran has long maintained these capabilities. Deploying these dangerous forces has been a crucial source of regional power for the Islamic Republic dating back to its founding. More recently, this strategy has figured prominently in Iran’s plans for regional hegemony.

The Joint Comprehensive Plan of Action (JCPOA), signed by Iran and six world powers over the summer, will now provide Iran with deeper pockets to pursue this activity. To make matters worse, the agreement will significantly hobble Washington’s ability to target Iran’s illicit actors with financial sanctions as long as the JCPOA is in place. I will address these issues and conclude with some recommendations.

Iran and the JCPOA

Mr. Chairman, Iran is the number one terrorist-sponsoring country in the world. The U.S. Department of State labeled Iran a State Sponsor of Terrorism in 1984.1 Three decades later, the designation is still apt. The regime backs a wide range of terrorist groups, including Hamas, Hezbollah, Palestinian Islamic Jihad, the Houthi rebels in Yemen, Shi’ite militias in Iraq, and militants in Afghanistan. Iran also maintains its own terrorism apparatus: the Islamic Revolutionary Guard Corps (IRGC).

In recent years, Iran’s ability to support the IRGC and these other terror proxies has diminished somewhat, thanks to the sanctions that the United States and its allies imposed on Iran’s illicit financial activities, with a particular focus on Tehran’s attempts to build a nuclear weapon. Most of these were not strictly “nuclear sanctions,” but rather hybrid sanctions linked to Iran’s support for terrorism, proliferation, and human rights violations.

But those sanctions have been eroded in recent years. Even before the JCPOA was inked, pursuant to the interim nuclear agreement known as the Joint Plan of Action, the international community ceded some $12 billion to Iran in cash transfers.2 This does not include other forms of sanctions relief and tens of billions of dollars in indirect economic gains.3 Some of these funds undoubtedly found their way to terrorist groups.

Now, more cash is on the way. Under the sanctions regime, an estimated $90 to $120 billion in Iranian oil sales was withheld in semi-restricted accounts in China, India, Japan, South Korea,

and Turkey. Now, thanks to the nuclear deal signed this summer, those funds could be remitted directly back to Iran over time. With this huge windfall, the Islamic Republic’s theocratic leaders could have the flexibility to disperse the funds they receive from the nuclear deal as they see fit, and that will almost certainly include funding terrorist groups.

To make matters worse, Iran will soon be able to sell its oil on the open market. Iran is believed to have 30 million barrels of oil in floating storage. It is likely that Iran, which currently sells one million barrels per day under heavy restrictions, will be able to return to pre-sanctions levels of 2.2 million barrels per day within a year or so.

The math is simple: An extra one million barrels per day at $50 per barrel is $50 million per day, or $18 billion annually, which could flow to terrorists’ coffers. And that doesn’t include the aforementioned escrowed oil revenues of $120 billion. Add to that the ability for Iran to access banks around the world according to the terms of the JCPOA, and it will be easier for Iran to bankroll its proxies worldwide.

Iran’s Proxies

One obvious beneficiary of Iran’s windfall is the Palestinian terrorist group Hamas. In May 2008, for example, Asharq al-Awsat reported that Iran was set to provide Hamas with $150 million. The following year, Egypt’s then-intelligence chief Omar Suleiman claimed that Iran provided Hamas with $2.5 million per month. After a political spat over the Syrian civil war and a recent rapprochement, it is currently unclear how much financial support Hamas receives.

Iran also smuggles rockets to Gaza via Sudan. In March 2011, Israeli authorities boarded the Victoria and seized numerous Iranian weapons, including anti-ship missiles, destined for Hamas. During Operation Pillar of Defense in 2012, Hamas fired Iranian-engineered Fajr 5 missiles from Gaza into Israel. More recently, in March 2014, the IDF intercepted a

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Panamanian cargo vessel identified as the Klos-C carrying Iranian M-302 rockets and other “advanced weaponry intended for terrorist organizations operating in the Gaza Strip shipped by Iran.”¹¹ During last summer’s war, Hamas fired thousands of Iranian-made rockets into Israel.

Similarly, Iran’s windfall will likely flow to Hezbollah. In 2013, the U.S. Department of State reported that Iran has provided “hundreds of millions of dollars” to the Lebanese terrorist group.¹² Tehran has armed Hezbollah with light weapons as well as long-range missiles,¹³ including a domestically produced model of a Chinese Silkworm anti-ship cruise missile.¹⁴ As one senior Israeli official told me this summer, Iran has provided Hezbollah with “precision weapons” (the official wouldn’t say more), as well as SA-22 anti-aircraft systems, and Yakhont anti-ship missiles.¹⁵ Iran is also widely believed to have supplied Hezbollah with drones.¹⁶

Sanctions relief is also likely to benefit the Assad regime in Syria. Iran has already provided Assad’s government with huge sums of cash since the uprising began in March 2011. Open source estimates suggest that it could be between $6 and $20 billion per year.¹⁷ Iran has also provided expertise and support in “intelligence, communications and … crowd control” to keep Assad in place as rebel forces battle to unseat him.¹⁸ Iranian officials have called Syria the country’s “25th province.”¹⁹ In 2013, Qassem Suleimani, commander of the IRGC’s elite Quds Force, said, “We will defend Syria to the end.”²⁰ Backing up their words with action, the Iranians continue to send vast quantities of military support to their Syrian ally,²¹ and IRGC forces have been on the battlefield in Syria since 2012.²²

The Iranians are also likely to increase their support for the rebel Houthi movement that is currently wreaking havoc in Yemen. Multiple reports suggest that Iran has been sending the

¹³ “Iran Said to Give Hezbollah Missiles That ‘Can Reach Dimona’,” The Times of Israel (Israel), November 22, 2014, (http://www.timesofisrael.com/iran-said-to-give-hezbollah-missiles-that-can-reach-dimon)
¹⁵ Interview with senior Israeli official, Jerusalem, July 1, 2015.
¹⁷ http://www.bloomberg.com/articles/2015-06-02/iran-spends-billions-to-prop-up-assad
Houthi weapons since 2009. Earlier this year, an Iranian ship reportedly unloaded more than 180 tons of weapons and military equipment at a Houthi-controlled port in western Yemen. Iran also appears to be utilizing Pouya Air—an airline designated by the U.S. for weapons shipments to Syria—to send arms to the Houthis.

Tehran has also provided financial support to the Houthi movement. In 2012, U.S. officials noted that Iran was sending cash to Yemen to back the rebels. And in December 2014, a Yemeni official warned that “sacks of cash” from Tehran were arriving at Sana’a International Airport, some of which was channeled via Hezbollah.

The estimated $120 billion in sanctions relief that Iran is set to receive, not to mention the aforementioned boost in oil sales and other JCPOA benefits, will almost certainly mean an increase in these activities.

Iran’s Supreme Leader Cashes In

The sanctions relief will further benefit Supreme Leader Ali Khamenei’s financial empire—a “shadowy network of off-the-books front companies,” according to the U.S. Treasury. This empire, known as the Execution of Imam Khomeini’s Order (EIKO), or Setad, is reportedly worth $95 billion.

As Reuters reported in 2013, the value of EIKO’s real estate portfolio totals nearly $52 billion and its stakes in publicly traded companies total nearly $3.4 billion. And as my colleagues...

30 Ibid.
Emanuele Ottolenghi and Saeed Ghaseminejad noted earlier this year, Khamenei controls more than five percent of publicly traded companies on Tehran’s Stock Exchange.25

According to the U.S. Treasury, EIKO’s investment arm, Rey Investment Company, is worth $40 billion.26 EIKO’s Tadhir Group controls inter alia Parsian Bank and Karafarin Bank, which are valued at $900 and $830 million respectively.27

EIKO and its subsidiaries will be de-listed by both the EU and the U.S. on Implementation Day (in about 4-6 months). With more unrestricted cash in his accounts, the Supreme Leader will have a free hand to finance his proxies across the region, notably the ones mentioned above, but also the hardline forces that both keep him in power and wreak havoc around the region.

The Islamic Revolutionary Guard Corps

The IRGC, which is the Iranian regime’s Praetorian Guard, is likely to benefit the most from the JCPOA. Through the Quds Force, the IRGC directs Iran’s external regional aggression, which includes its support for terrorism and rogue states. The IRGC has also been at the forefront of Iran’s nuclear and ballistic missile programs. Domestically, the IRGC’s Basij paramilitary force is the blunt instrument enforcing Iran’s vast system of domestic repression.

The Guards control an estimated one-third of the Iranian economy.28 This includes vast holdings in the banking, energy, construction, engineering, industrial, mining, shipping, shipbuilding, and other sectors.29 Practically speaking, this means that any foreign firms lining up to do business in Iran will almost certainly work with an IRGC partner. It also means that even the funds that Iran invests in its own infrastructure will ultimately trickle down to Iran’s hardliners.

Pursuant to the JCPOA, the EU will lift sanctions against the IRGC’s construction arm, Khatam al-Anbiya, in eight years. KAA was designated by the United States as a proliferator of weapons of mass destruction.30 In eight years, the Europeans will also de-list the IRGC Cooperative Foundation (a.k.a. Bonyad Taavon Sepah), the IRGC investment arm, which was also designated by the U.S. Treasury as a proliferator of weapons of mass destruction.31

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Ansar Bank and Mehr Bank, both designated by Treasury for providing financial services to the IRGC, will also be de-listed by the EU.

But it’s not only Europe that is enabling the IRGC. The terms of the JCPOA stipulate that the United States and the EU are jointly set to de-list four IRGC-linked banks: Arian Bank, Bank Kargoshae, Bank Melli, and Future Bank. This will give the IRGC renewed access to the U.S.-led international financial system, which will make it far easier to finance terrorism and to foment unrest across the Middle East.

SWIFT

Perhaps the most disconcerting American concession is that the Central Bank of Iran will be permitted back onto the SWIFT financial messaging system. SWIFT is the electronic bloodstream of the global financial system. The member-owned cooperative includes the world’s most powerful financial institutions, enabling nearly 11,000 companies worldwide to communicate securely.39

In March 2012, SWIFT cut off 15 major Iranian banks.40 The move came after the financial messaging juggernaut came under significant pressure from the United States Congress.41 It was a substantial blow to Tehran. SWIFT was how Iran sold oil and how it moved money. Iranian banks used SWIFT more than 2 million times in 2010.42 This, according to one report, amounted to $35 billion in trade with Europe alone.43

The move unquestionably hindered Iran’s ability to move money worldwide, forcing the Islamic Republic to transact through more informal channels. The financial pressure was also one of the primary factors that convinced Iran to negotiate with the West over its illicit nuclear program.

We will now lose that leverage. The JCPOA calls for the collapse of SWIFT sanctions. It explicitly calls for the “[s]upply of specialized financial messaging services, including SWIFT, for persons and entities…including the Central Bank of Iran and Iranian financial institutions.”44 This, perhaps more than any of the other troubling aspects of the JCPOA mentioned above, will allow Iran to move funds around the world to finance it terrorist proxies.

Treasury’s Mission

Mr. Chairman, it was a little more than a year ago when The New York Times’ David Sanger wrote about the U.S. Treasury’s financial sanctions team as President Obama’s “favorite noncombatant command.”43 The moniker was well deserved. Treasury’s Office of Terrorism and Financial Intelligence (TFI) played a crucial role, along with Congress, in building a powerful yet delicate sanctions architecture that was designed to punish Iran for its nuclear mendacity, its illicit ballistic missile development, its vast financial support for terrorist groups, its human rights abuses, and its backing of other rogue states, like Bashar Assad’s Syria.

As the sanctions regime evolved and grew more complex, one thing never changed: Treasury consistently leveraged the power of the U.S. financial sector and the U.S. dollar—the dominant reserve and trading currency. Countries that didn’t comply with U.S. sanctions could find their financial institutions heavily penalized, or even cut off from the U.S. financial system.

Treasury’s mandate was clear. It was not just to provide the president with the tools to hinder Iran’s nuclear program. It was to protect the integrity of the U.S.-led global financial sector from Iran’s financial criminals and the recipients of their illicit transactions.

Tranche after tranche of designations issued by the Treasury, backed by intelligence that often took months if not years to compile, barred Iran’s worst financial criminals from accessing the U.S.-led global financial system. And designations were only the tip of the iceberg. Treasury officials traveled the globe to meet with financial leaders and business executives to warn them away from transacting with known and suspected terrorists and proliferators.44 The goal was to do so quietly and discreetly, instead of meting out public punishments. This campaign was crucial to isolating Iran as a means to deter its nuclear ambitions.

But none of that would have worked without the very public financial finding that accompanied it. In 2011, Treasury invoked Section 311 of the USA PATRIOT Act and designated all of Iran as a “jurisdiction of primary money laundering concern.” Treasury cited Iran’s “support for terrorism,” “pursuit of weapons of mass destruction,” and “deceptive financial practices” as reasons for the action.45 It specifically targeted Iran’s central bank and made it clear that the entire country’s financial system posed “illicit finance risks for the global financial system.”46

The 311 on Iran is still technically in place. However, if it is not vigorously enforced, it could be rendered virtually meaningless. The terms of the JCPOA shackle Treasury’s ability to do its job,


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raising troubling questions about the future of its mission. With Iran’s central bank plugged back into SWIFT, along with fourteen other previously designated Iranian banks, and Iran cashing in on oil sales around the globe, it’s unclear how Treasury plans to hinder Iran’s illicit financial activities. And that’s before we address the issue of the $120 billion in previously frozen funds that will now be used at the discretion of Iran’s theocratic rulers.

Moreover, while the European Union was once a crucial partner in combating Iran’s illicit financial activity, the JCPOA has paved the way for the Europeans to wipe away all of their economic sanctions, turning Europe into an economic free zone for the IRGC. If and when Iran violates the terms of the JCPOA, it will require a Herculean effort on the part of Treasury to convince European financial institutions, let alone European governments, to engage in sanctions against Iran again. After all, many European stakeholders viewed sanctions in recent years as one large compliance headache and the sanctions themselves as little more than a roadblock to business in Iran.

Finally, it’s worth noting that the banks, businesses, and persons set to be delisted under the JCPOA don’t deserve to be readmitted back into the U.S.-led financial system. Iran has provided no evidence to suggest that they have ceased engaging in these illicit activities. And once they are delisted, the JCPOA forbids them from being re-listed, even if they commit new financial crimes. The Obama administration simply determined that this was a fair trade if it meant that Iran would sign the nuclear deal. In other words, the principles upon which TP1 was founded have been traded to secure the president a diplomatic victory, and it’s doubtful this will be a lasting one.

For Treasury’s mission to be taken seriously, it must now be able to resume its campaign against Iranian financial crimes and to punish Iran for major violations of the nuclear deal as well as incremental cheating. How it will do this given the constraints of the JCPOA is entirely unclear.

**Recommendations**

Mr. Chairman, the road ahead will be challenging, but I offer a handful of concrete steps that can be taken to step up the fight against terrorist financing.

1. **Treasury needs to affirm its new mission.** Congress should request a roadmap from Treasury’s Office of Terrorism and Financial Intelligence. Its ability to carry out its mission has been severely compromised. The JCPOA severely limits the way that it can target the world’s most prolific state sponsor of terrorism. Treasury must now articulate how it plans to continue to be an effective noncompliant command under these circumstances.

2. **Change the way Treasury designates.** Currently, Treasury targets illicit financial actors by designating them pursuant to one executive order, such as terrorism, human rights violations, or proliferation, to name a few. But in the case of Iran, illicit actors are often guilty of many financial crimes. Congress should demand that Treasury designate entities under multiple executive orders simultaneously. This would make them more difficult to delist. Indeed, had many of the Iranian entities designated under our proliferation executive order (13382) also
been designated under our terrorism executive order (13224), they may not have been expunged.

3. **Enforce what we have left.** Congressional oversight over what relevant sanctions architecture remains after the JCPOA is crucial to stemming the flow of Iranian illicit finance. The rigorous enforcement of existing executive orders, and the creation of new ones when appropriate, will be vital to curbing Iranian support for terrorism. This includes sanctions on Hamas, Hezbollah, Palestinian Islamic Jihad, Kata‘ib Hezbollah, the Assad regime, the Houthis, and more. These measures should also include malevolent Iranian activity in other parts of the world that receive less attention, such as Latin America and Africa.

4. **Enforce and expand designations of IRGC-affiliated entities.** Congress should direct Treasury to designate the IRGC in its entirety under Executive Order 13224 for its role in directing and supporting international terrorism. It is currently designated for proliferation and human rights purposes, while only the Quds Force is designated under Executive Order 13224. Congress should work with White House to enhance terrorism sanctions, particularly focused on the IRGC and Quds Force.

5. **Lower the threshold for IRGC designations.** As my colleague Emanuele Ottolenghi noted in recent congressional testimony, Congress should consider lowering the threshold for what is considered an IRGC-linked company. The Financial Action Task Force suggests that the threshold should be 25 percent controlled, and that could include both members of the board and stakeholders. The goal should simply be to block the IRGC from the U.S.-led formal financial sector. Congress could also consider creating an “IRGC Watch List” while requiring additional reporting on the IRGC.

Mr. Chairman, Iran’s power projection through the financing of terrorism is a crucial issue in the wake of the JCPOA. If I have missed anything you wish to discuss, I am happy to answer your questions.

On behalf of the Foundation for Defense of Democracies and its Center on Sanctions and Illicit Finance, I thank you again for inviting me here today.

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Mr. DeSantis. Thank you.
Dr. Bucci, you are now recognized for 5 minutes.

STATEMENT OF STEVEN BUCCI

Mr. Bucci. Thank you, Mr. Chairman, Ranking Member, members of the subcommittee. I am Director of the Allison Center for Foreign and National Security Policy at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Foundation.

I retired from the Army as a special forces colonel, having served as a human intelligence collector for DIA and as the Commander of 3rd Battalion, 5th Special Forces Group in the CENTCOM AOR. I later served as the Deputy Assistant Secretary of Defense for Homeland Defense.

My focus here will be the threat that we face from Iran in their efforts to project power and impose its extreme and abhorrent will on the world.

The majority of my written testimony is taken from The Heritage Foundation’s recently released 2016 Index of U.S. Military Strength.

The immediate threat is the IRGC Quds Force terrorism. The IRGC is a very capable organization that matches its operational expertise in guerilla warfare, terror, and murder with an ideological purity that makes their only comparable analog the old Soviet Spetznaz. They have done operations around the Middle East and the world, including the attempted murder of the Saudi Ambassador here in Washington, D.C.

Down the road, Iran will gain considerable capability in ballistic missiles. They will undoubtedly gain nuclear weapons eventually. They will definitely re-equip their conventional forces with the help of the Russians. The real key here, though, is the orders of magnitude greater and more dangerous terror events that the Quds Force can fund and execute given their share of the soon to be released $100 billion in new money. There is no sequestration pending for the IRGC. The windows of heaven or hell are about to open for them.

Iran is an anti-Western revolutionary state that seeks to tilt the regional balance of power in its favor by driving out the Western presence, particularly the United States, undermining and overthrowing opposing governments, and establishing its hegemony over the region. It also seeks to radicalize Shia communities and advance their interests against Sunni rivals. Iran has a long record of sponsoring terrorist attacks against American allies and other interests. With regard to conventional capabilities, Iran’s ground forces dwarf the relatively small armies of the other Gulf states.

Importantly, Iran has adopted a strategy that emphasizes irregular warfare, asymmetric tactics, and the extensive use of proxy forces. The IRGC has supported and collaborated with a wide variety of radical Shia and Sunni militant groups, as well as Arab, Palestinian, Kurdish, and Afghan groups that do not even share its radical Islamist ideology. The Quds Force has trained and armed numerous proxies, particularly Lebanese Hezbollah, the Iraqi Shia militias, Palestinian groups such as Hamas and Islamic Jihad, and
groups that have fought against the governments of Afghanistan, Bahrain, Egypt, Israel, Iraq, Jordan, Kuwait, Saudi Arabia, Turkey, and Yemen.

Iran is the world’s foremost sponsor of terrorism and has made extensive efforts to export its brand of radical Shia Islamist revolution.

One cannot discuss Iran’s abilities to project power without looking more closely at its main proxy. Hezbollah is a close ally of, frequent surrogate for, and terrorist subcontractor for Iran’s revolutionary Islamist regime. Tehran provides the bulk of Hezbollah’s foreign support, arms, training, logistical support, and money. Iran provides at least $100 million to possibly $200 million annually in financial support to Hezbollah. I expect this to grow substantially.

Iran presents a significant threat to U.S. national security interests in the Middle East, to our key allies, and to our position as the balancer and influencer there. It has the ability to project power around the world and around the region, particularly in asymmetric forms. The recent collusion of Iran with Russia gives Iran additional abilities to move around the world and do significant mischief. As mentioned, there is no sequestration for the biggest purveyors of state-sponsored terrorism in the world.

With respect to the Secretary of State and his comments, you cannot logically separate Iran’s terrorism from the JCPOA. It is a mistake to underestimate either the intentions or capabilities of Iran to do harm. Iran is not our partner, but they are a clear adversary.

Thank you.

[Prepared statement of Mr. Bucci follows:]
Testimony before the Committee on Oversight and Government Reform, Subcommittee on National Security, United States House of Representatives

November 5, 2015

Steven P. Bucci, PhD  Director, The Heritage Foundation

My name is Steven Bucci. I am Director of the Douglas and Sarah Allison Center for Foreign and National Security Policy in The Heritage Foundation’s Davis Institute for National Security and Foreign Policy. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

I have spent the majority of my life as a military officer. I retired as an Army colonel, having served as a Defense Attaché, a Human Intelligence collector working in embassies for the Defense Intelligence Agency (DIA), and as a Special Forces operator and commander of the 3d Battalion, 5th Special Forces Group, operating in the U.S. Central Command Area of Responsibility. I also served as the Deputy Assistant Secretary of Defense for Homeland Defense, DOD’s representative to the Interagency for Counter Terrorism domestically.

My focus here will be the threat we face from the Islamic Republic of Iran’s efforts to project power and impose its extreme and abhorrent vision of the of the world on its neighbors in the Middle East region and, frankly, around the world. I will touch on both Iran’s direct capabilities to project power, and its use of indirect means through proxies. The vast majority of my written testimony is taken from the Heritage Foundation’s recently released 2016 Index of U.S. Military Strength, Middle East Threats Section (all references can be found there)\(^1\).

Given my Special Forces and Homeland Security / CT background, I will focus there. My colleagues will cover the other higher tech threats, but for me, the most immediate threat, the 25 meter target, is the IRGC Quds Force terrorism threat. The IRGC is a very capable organization that matches its operational expertise in guerrilla warfare and terror with an ideological purity that makes their only comparable force the old Soviet Spetznaz. They are active and very dedicated. They have done operations around the Middle East region and the world, including the attempted murder of the Saudi Ambassador here in Washington, D.C.

Down the road, Iran will gain considerable capability in Ballistic Missile technology. They will gain nuclear weapons, even if they adhere to the JCPOA, which I don’t think they will. The release of $150 billion will allow them to re-equip their conventional forces with the help of the Russians who are desperate to sell them anything they want. All that is true, but the key will be the orders of magnitude bigger and more dangerous terror events the Quds force can fund and/or execute given their “share” of the new money. There is no sequestration pending for the IRGC, the windows of Hell are about to open.

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Iranian Threats in the Middle East. Iran is an anti-Western revolutionary state that seeks to tilt the regional balance of power in its favor by driving out the Western presence, undermining and overthrowing opposing governments, and establishing its hegemony over the oil-rich Persian Gulf region. It also seeks to radicalize Shiite communities and advance their interests against Sunni rivals. Iran has a long record of sponsoring terrorist attacks against American allies and other interests in the region. With regard to conventional threats, Iran’s ground forces dwarf the relatively small armies of the other Gulf States, and its formidable ballistic missile forces pose significant threats to its neighbors.

Terrorist Attacks. Iran has adopted a political warfare strategy that emphasizes irregular warfare, asymmetric tactics, and the extensive use of proxy forces. The Islamic Revolutionary Guard Corps (IRGC) has trained, armed, supported, and collaborated with a wide variety of radical Shia and Sunni militant groups, as well as Arab, Palestinian, Kurdish, and Afghan groups that do not share its radical Islamist ideology. The IRGC’s elite Quds (Jerusalem) Force has cultivated, trained, armed, and supported numerous proxies, particularly the Lebanon-based Hezbollah; Iraqi Shia militant groups; Palestinian groups such as Hamas and Palestine Islamic Jihad; and groups that have fought against the governments of Afghanistan, Bahrain, Egypt, Israel, Iraq, Jordan, Kuwait, Saudi Arabia, Turkey, and Yemen.

Iran is the world’s foremost sponsor of terrorism and has made extensive efforts to export its radical Shia brand of Islamist revolution. It has found success in establishing a network of powerful Shia revolutionary groups in Lebanon and Iraq; has cultivated links with Afghan Shia and Taliban militants; and has stirred Shia unrest in Bahrain, Iraq, Libya, Saudi Arabia, and Yemen. In 2013, Iranian arms shipments were intercepted by naval forces off the coasts of Bahrain and Yemen, and Israel intercepted a shipment of arms, including long-range rockets, bound for Palestinian militants in Gaza.

Iran’s Mounting Ballistic Missile Threat. Iran possesses the largest number of deployed missiles in the Middle East. The backbone of the Iranian ballistic missile force is formed by the Shahab series of road-mobile surface-to-surface missiles, which are based on Soviet-designed Scud missiles. The Shahab missiles are potentially capable of carrying nuclear, chemical, or biological warheads in addition to conventional high-explosive warheads. Their relative inaccuracy (compared to NATO ballistic missiles) limits their effectiveness unless they are employed against large and soft targets such as cities.

Iran’s heavy investment in such weapons has fueled speculation that the Iranians intend eventually to replace the conventional warheads in their longer-range missiles with nuclear warheads. The Nuclear Threat Initiative has concluded that “[r]egardless of the veracity of these assertions, Tehran indisputably possesses a formidable weapons delivery capability, and its ongoing missile program poses serious challenges to regional stability.” Iran is not a member of the Missile Technology Control Regime, and it has sought aggressively to acquire, develop, and deploy a wide spectrum of ballistic missile, cruise missile, and space launch capabilities. During the 1980–1988 Iran–Iraq war, Iran acquired Soviet-made Scud-B missiles from Libya and later acquired North Korean–designed Scud-C and No-dong missiles, which it renamed the Shahab-2 (with an estimated range of 500 kilometers or 310 miles) and Shahab-3 (with an estimated range of 900 kilometers or 560 miles). It now can produce its own variants of these missiles as well as longer-range Ghadr-1 and Qiam missiles.

Iran’s Shahab-3 and Ghadr-1, which is a modified version of the Shahab-3 with a smaller
warhead but greater range (about 1,600 kilometers or 1,000 miles), are considered more reliable and advanced than the North Korean No-dong missile from which they are derived. The then-Director of the Defense Intelligence Agency, Lieutenant General Michael T. Flynn, warned in 2014 that:

Iran can strike targets throughout the region and into Eastern Europe. In addition to its growing missile and rocket inventories, Iran is seeking to enhance lethality and effectiveness of existing systems with improvements in accuracy and warhead designs. Iran is developing the Khalij Fars, an anti-ship ballistic missile which could threaten maritime activity throughout the Persian Gulf and Strait of Hormuz.

Iran’s ballistic missiles pose a major threat to U.S. bases and allies from Turkey, Israel, and Egypt in the west, to Saudi Arabia and the other Gulf States to the south, to Afghanistan and Pakistan to the east. (See map titled “Iran’s Missile Ranges” in the 2016 Index of U.S. Military Strength.) However, it is Israel, which has fought a shadow war with Iran and its terrorist proxies, that is most at risk from an Iranian attack. The development of nuclear warheads for Iran’s ballistic missiles would seriously degrade Israel’s ability to deter attacks, an ability that the existing (but not officially acknowledged) Israeli monopoly on nuclear weapons in the Middle East currently provides.

For Iran’s radical regime, hostility to Israel, to which Iran sometimes refers as the “little Satan,” is second only to hostility to the United States, which the leader of Iran’s 1979 revolution, Ayatollah Khomeini, dubbed the “great Satan.” But Iran poses a greater immediate threat to Israel than to the United States, since Israel is a smaller country with fewer military capabilities and located much closer to Iran. It already is within range of Iran’s Shahab-3 missiles. Moreover, all of Israel can be hit with the thousands of shorter-range rockets that Iran has provided to Hezbollah in Lebanon and to Hamas and Palestine Islamic Jihad in Gaza.

Iran has an extensive missile development program that has received key assistance from North Korea and more limited support from Russia and China before sanctions were imposed by the U.N. Security Council. The Pentagon forecasts that:

Iran could develop and test an ICBM capable of reaching the United States by 2015. Since 2008, Iran has conducted multiple successful launches of the two-stage Safir space launch vehicle and has also revealed the larger two-stage Simorgh space launch vehicle, which could serve as a test bed for developing ICBM technologies.

Although Tehran’s missile arsenal primarily threatens U.S. bases and allies in the region, Iran eventually could expand the range of its missiles to include the continental United States. In its January 2014 report on Iran’s military power, the Pentagon assessed that “Iran continues to develop technological capabilities that could be applicable to nuclear weapons and long-range missiles, which could be adapted to deliver nuclear weapons, should Iran’s leadership decide to do so.”

The Worldwide Threat Assessment (WWTA) “judge[s] that Tehran would choose ballistic missiles as its preferred method of delivering nuclear weapons, if it builds them. Iran’s ballistic missiles are inherently capable of delivering WMD, and Tehran already has the largest inventory
of ballistic missiles in the Middle East.” In addition, “Iran’s progress on space launch vehicles—
along with its desire to deter the United States and its allies—provides Tehran with the means
and motivation to develop longer-range missiles, including intercontinental ballistic missiles
(ICBMs).”

**Summary:** Iran’s ballistic missile force poses a regional threat to the U.S. and its allies, but
Tehran eventually could expand the range of its missiles to threaten the continental United
States.

**Weapons of Mass Destruction.** Tehran has invested tens of billions of dollars since the 1980s
in a nuclear weapons program that is masked within its civilian nuclear power program. It has
built clandestine underground facilities to enrich uranium, which were subsequently discovered
near Natanz and Fordow, and plans to build a heavy-water reactor near Arak, which essentially
will be a plutonium bomb factory that will give it a second route to nuclear weapons.

As of June 2015, Iran had accumulated enough low-enriched uranium to build eight nuclear
bombs if enriched to weapons-grade levels, and it could enrich enough uranium to arm one
bomb in less than two months. Clearly, the development of an Iranian nuclear bomb would
greatly amplify the threat posed by Iran. Even if Iran did not use a nuclear weapon or pass it on
to one of its terrorist surrogates to use, the regime in Tehran could become emboldened to
expand its support for terrorism, subversion, and intimidation, assuming that its nuclear arsenal
would protect it from retaliation as has been the case with North Korea.

On July 14, 2015, President Obama announced that the United States and Iran, with China,
France, Germany, Russia, the United Kingdom, and the European Union High Representative for
Foreign Affairs and Security Policy, had reached a “comprehensive, long-term deal with Iran... .”
That same day, the Speaker of the U.S. House of Representatives said:

His “deal” will hand Iran billions in sanctions relief while giving it time and space to reach a
break-out threshold to produce a nuclear bomb—all without cheating. Instead of making
the world less dangerous, this “deal” will only embolden Iran—the world’s largest sponsor
of terror—by helping stabilize and legitimize its regime as it spreads even more violence
and instability in the region. Instead of stopping the spread of nuclear weapons in the
Middle East, this deal is likely to fuel a nuclear arms race around the world.

On July 19, 2015, the Chairman of the National Security Council of the State of Israel briefed
the Prime Minister and Cabinet on the Iran deal, noting: (1) “the preservation of Iran’s nuclear
capabilities that have been made possible as a result of the agreement including the
enrichment of uranium and the maintaining of underground nuclear installations such as that at
Fordo,” (2) “the go-ahead that was given to Iran to continue the research and development of
advanced centrifuges will significantly reduce the break-out time that Iran will need to arm
itself with nuclear weapons,” (3) “if Iran honors the agreement it will have a 10-15 year break-
out time for dozens of nuclear bombs, as the restrictions on its nuclear program are lifted,” (4)
“were Iran to violate the agreement it would be able to break out toward individual bombs
before then,” and (5) “with the hundreds of billions of dollars that will flow into its coffers Iran
will step up the terrorism that it spreads in the region and around the world.”

Iran is a declared chemical weapons power that claims to have destroyed all of its chemical
weapons stockpiles. U.S. intelligence agencies assess that Iran maintains the capability to produce chemical warfare (CW) agents and “probably” has the capability to produce some biological warfare agents for offensive purposes if it should decide to do so.

Iran also has threatened to disrupt the flow of Persian Gulf oil exports by closing the Strait of Hormuz in the event of a conflict with the U.S. or its allies. WWTA characterizes Iran as “an ongoing threat to US national interests because of its support to the Assad regime in Syria, promulgation of anti-Israeli policies, development of advanced military capabilities, and pursuit of its nuclear program.” Its President, Hassan Rouhani, “will not depart from Iran’s national security objectives of protecting the regime and enhancing Iranian influence abroad, even while attempting different approaches to achieve these goals.” In addition:

Iran possesses a substantial inventory of theater ballistic missiles capable of reaching as far as some areas of southeastern Europe. Tehran is developing increasingly sophisticated missiles and improving the range and accuracy of its other missile systems. Iran is also acquiring advanced naval and aerospace capabilities, including naval mines, small but capable submarines, coastal defense cruise missile batteries, attack craft, anti-ship missiles, and armed unmanned aerial vehicles.

Summary: Iran poses a major potential threat to U.S. bases, interests, and allies in the Middle East by virtue of its ballistic missile capabilities, nuclear ambitions, long-standing support for terrorism, and extensive support for Islamist revolutionary groups.

Terrorist Threats from Hezbollah. One cannot discuss Iran’s ability to project power without looking at its main proxy. Hezbollah is a close ally of, frequent surrogate for, and terrorist subcontractor for Iran’s revolutionary Islamist regime. Iran played a crucial role in creating Hezbollah in 1982 as a vehicle for exporting its revolution, mobilizing Lebanese Shia, and developing a terrorist surrogate for attacks on its enemies.

Tehran provides the bulk of Hezbollah’s foreign support: arms, training, logistical support, and money. Iran provides at least $100 million in annual financial support for Hezbollah, and some experts estimate that this could run as high as $200 million annually. Tehran has lavishly stocked Hezbollah’s expensive and extensive arsenal of rockets, sophisticated land mines, small arms, ammunition, explosives, anti-ship missiles, anti-aircraft missiles, and even unmanned aerial vehicles (UAVs) that Hezbollah can use for aerial surveillance or remotely piloted terrorist attacks. Iranian Revolutionary Guards have trained Hezbollah terrorists in Lebanon’s Bekaa Valley and in Iran.

Iran has used Hezbollah as a club to hit not only Israel and Tehran’s Western enemies, but also many Arab countries. Iran’s revolutionary ideology has fueled its hostility to other Middle Eastern states, many of which it seeks to overthrow and replace with radical allies. During the Iran–Iraq war, Iran used Hezbollah to launch terrorist attacks against Iraqi targets and against Arab states that sided with Iraq. Hezbollah launched numerous terrorist attacks against Saudi Arabia and Kuwait, which extended strong financial support to Iraq’s war effort, and participated in several other terrorist operations in Bahrain and the United Arab Emirates.

Iranian Revolutionary Guards conspired with the branch of Hezbollah in Saudi Arabia to
conduct the 1996 Khobar Towers bombing in Saudi Arabia. Hezbollah collaborated with the IRGC’s Quds Force to destabilize Iraq after the 2003 U.S. occupation. It also helped to train and advise the Mahdi Army, the radical anti-Western Shiite militia led by militant cleric Moqtada al-Sadr.

Hezbollah threatens the security and stability of the Middle East and Western interests in the Middle East on a number of fronts. In addition to its murderous campaign against Israel, Hezbollah seeks to use violence to impose its radical Islamist agenda and subvert democracy in Lebanon. Although some experts believed that Hezbollah’s participation in the 1992 Lebanese elections and subsequent inclusion in Lebanon’s parliament and coalition governments would moderate its behavior, its political inclusion did not lead it to renounce terrorism.

Hezbollah also poses a potential threat in Europe to NATO allies. Hezbollah established a presence inside European countries in the 1980s amid the influx of Lebanese citizens seeking to escape Lebanon’s civil war. It took root among Lebanese Shiite immigrant communities throughout Europe. German intelligence officials estimate that roughly 900 Hezbollah members live in Germany alone. Hezbollah also has developed an extensive web of fundraising and logistical support cells throughout Europe.44

France and Britain have been the principal European targets of Hezbollah terrorism, in part because both countries opposed Hezbollah’s agenda in Lebanon and were perceived as enemies of Iran, Hezbollah’s chief patron. Hezbollah has been involved in many terrorist attacks against Europeans, including:

- The October 1983 bombing of the French contingent of the multinational peacekeeping force in Lebanon (on the same day as the U.S. Marine barracks bombing), which killed 58 French soldiers;
- The December 1983 bombing of the French embassy in Kuwait;
- The April 1985 bombing of a restaurant near a U.S. base in Madrid, Spain, which killed 18 Spanish citizens;
- A campaign of 13 bombings in France in 1986 that targeted shopping centers and railroad facilities, killing 13 people and wounding more than 250; and
- A March 1989 attempt to assassinate British novelist Salman Rushdie that failed when a bomb exploded prematurely, killing a terrorist in London.

Hezbollah attacks in Europe trailed off in the 1990s after Hezbollah’s Iranian sponsors accepted a truce in their bloody 1980–1988 war with Iraq and no longer needed a surrogate to punish states that Tehran perceived as supporting Iraq. Significantly, the participation of European troops in Lebanese peacekeeping operations, which became a lightning rod for Hezbollah terrorist attacks in the 1980s, could become an issue again if Hezbollah attempts to revive its aggressive operations in southern Lebanon. Troops from European Union member states may someday find themselves attacked by Hezbollah with weapons financed by Hezbollah supporters in their home countries.

As of 2015, Hezbollah operatives are deployed in countries throughout Europe, including Belgium, Bulgaria, Cyprus, France, Germany, and Greece.

Summary: Hezbollah poses a major potential terrorist threat to the U.S. and its allies in the
Middle East and Europe.

Threats to the Commons

The United States has critical interests at stake in the Middle Eastern commons: sea, air, space, and cyber which Iran has the ability to threaten. The U.S. has long provided the security backbone in these areas, which in turn has supported the region’s economic development and political stability.

Maritime. Maintaining the security of the sea lines of communication in the Persian Gulf, Arabian Sea, Red Sea, and Mediterranean Sea is a high priority for strategic, economic, and energy security purposes. The Persian Gulf region contains approximately 50 percent of the world’s oil reserves and is a crucial source of oil and gas for energy-importing states, particularly China, India, Japan, South Korea, and many European countries. The flow of that oil could be interrupted by interstate conflict or terrorist attacks.

Bottlenecks such as the Strait of Hormuz, the Suez Canal, and the Bab el-Mandeb Strait are potential choke points for restricting the flow of oil, international trade, and the deployment of U.S. Navy warships. The chief potential threat to the free passage of ships through the Strait of Hormuz, one of the world’s most important maritime choke points, is Iran. Approximately 17 million barrels of oil a day flowed through the strait in 2013, roughly 30 percent of the seaborne oil traded worldwide.

Iran has trumpeted the threat it could pose to the free flow of oil exports from the Gulf if it is attacked or threatened with a cutoff of its own oil exports. Iran’s leaders have threatened to close the Strait of Hormuz, the jugular vein through which most Gulf oil exports flow to Asia and Europe. (See map titled “Middle East Oil Transit Chokepoints” in the 2016 Index of U.S. Military Strength.) Although the United States has greatly reduced its dependence on oil exports from the Gulf, it still would sustain economic damage in the event of a spike in world oil prices, and many of its European and Asian allies and trading partners import a substantial portion of their oil needs from the region. Iran’s Supreme Leader, Ayatollah Ali Khamenei, has repeatedly played up Iran’s threat to international energy security, proclaiming in 2006 that “[i]f the Americans make a wrong move toward Iran, the shipment of energy will definitely face danger, and the Americans would not be able to protect energy supply in the region.”

Iran has established a precedent for attacking oil shipments in the Gulf. During the Iran–Iraq war, each side targeted the other’s oil facilities, ports, and oil exports. Iran escalated attacks to include neutral Kuwaiti oil tankers and terminals and clandestinely laid mines in Persian Gulf shipping lanes while its ally Libya clandestinely laid mines in the Red Sea. The United States defeated Iran’s tactics by reflagging Kuwaiti oil tankers, clearing the mines, and escorting ships through the Persian Gulf, but a large number of commercial vessels were damaged during the “Tanker War” from 1984 to 1987.

Iran’s demonstrated willingness to disrupt oil traffic through the Persian Gulf in the past to place economic pressure on Iraq is a red flag to U.S. military planners. During the 1980s Tanker War, Iran’s ability to strike at Gulf shipping was limited by its aging and outdated weapons systems and the U.S. arms embargo imposed after the 1979 revolution. However, since the 1990s, Iran has been upgrading its military with new weapons from North Korea, China, and Russia, as well as with weapons manufactured domestically.
Today, Iran boasts an arsenal of Iranian-built missiles based on Russian and Chinese designs that pose significant threats to oil tankers as well as warships. Iran is well stocked with Chinese-designed anti-ship cruise missiles, including the older HY-2 Seersucker and the more modern CSS-N-4 Sardine and CSS-N-8 Saccade models. Iran also has reverse engineered Chinese missiles to produce its own anti-ship cruise missiles, the Ra'ad and Noor. Shore-based missiles deployed along Iran's coast would be augmented by aircraft-delivered laser-guided bombs and missiles, as well as by television-guided bombs.

Iran has a large supply of anti-ship mines, including modern mines that are far superior to the simple World War I-style contact mines that Iran used in the 1980s. They include the Chinese-designed EM-52 "rocket" mine, which remains stationary on the sea floor and fires a homing rocket when a ship passes overhead. In addition, Iran can deploy mines or torpedoes from its three Kilo-class submarines, which would be effectively immune to detection for brief periods when running silent and remaining stationary on a shallow bottom just outside the Strait of Hormuz, and also could deploy mines by mini-submarines, helicopters, or small boats disguised as fishing vessels.

Iran's Revolutionary Guard naval forces have developed swarming tactics using fast attack boats and also could deploy naval commandos trained to attack using small boats, mini-submarines, and even jet skis. The Revolutionary Guards also have underwater demolition teams that could attack offshore oil platforms and other facilities.

On April 28, 2015, the Revolutionary Guard naval force seized the Maersk Tigris, a container ship registered in the Marshall Islands, near the Strait of Hormuz. Tehran claimed that it seized the ship because of a previous court ruling ordering Maersk Line, which charters the ship, to make a payment to settle a dispute with a private Iranian company. The ship was later released after being held for more than a week. An oil tanker flagged in Singapore, the Alpine Eternity, was surrounded and attacked by Revolutionary Guard gunboats in the strait on May 14, 2015, when it refused to be boarded. Iranian authorities alleged that it had damaged an Iranian oil platform in March, although the ship's owners maintained that it had hit an uncharted submerged structure. The Revolutionary Guard's aggressive tactics in using commercial disputes as pretexts for the illegal seizures of transiting vessels prompted the U.S. Navy to escort American and British-flagged ships through the Strait of Hormuz for several weeks in May, before tensions eased.

Finally, Tehran could use its extensive terrorist network in the region to sabotage oil pipelines and other infrastructure or to strike oil tankers in port or at sea.

**Summary:** Iran poses the chief potential threat to shipping in the Strait of Hormuz.

Air. Iran has an air force, but it is old and its maintenance is dubious. It cannot be discounted completely and with help from the Russians, it could improve more quickly than expected. They also have a robust air defense system that would hinder air operations against them.

Terrorists have seized substantial numbers of anti-aircraft missiles from military bases in Iraq, Libya, and Syria that pose potential threats to safe transit of airspace in the Middle East, North Africa, and elsewhere.

**Space.** Iran has launched satellites into orbit, but there is no evidence that it has an offensive
space capability. Tehran successfully launched three satellites in February 2009, June 2011, and February 2012 using the Safir space launch vehicle, which uses a modified Ghadr-1 missile for its first stage and has a second stage that is based on an obsolete Soviet submarine-launched ballistic missile, the R-27. The technology probably was transferred by North Korea, which built its BM-25 missiles using the R-27 as a model. Safir technology could be used as a basis to develop long-range ballistic missiles.

Iran claimed to have launched a monkey into space and returned it safely to Earth twice in 2013. Tehran also announced in June 2013 that it had established its first space tracking center to monitor objects in “very remote space” and to help manage the “activities of satellites.”

The WWTA assesses that “Iran’s progress on space launch vehicles—along with its desire to deter the United States and its allies—provides Tehran with the means and motivation to develop longer-range missiles, including intercontinental ballistic missiles (ICBMs).”

Summary: Though Iran has launched satellites into orbit successfully, there is no evidence that it has developed an offensive space capability that could deny others the use of space or exploit space as a base for offensive weaponry.

Cyber Threats. Iranian cyber capabilities present a significant threat to the U.S. and its allies. Iran has developed offensive cyber capabilities as a tool of espionage and sabotage. Tehran claims to have the world’s fourth largest cyber force, “a broad network of quasi-official elements, as well as regime-aligned ‘hacktivists,’ who engage in cyber activities broadly consistent with the Islamic Republic’s interests and views.”

The creation of the “Iranian Cyber Army” in 2009 marked the beginning of a cyber offensive against those whom the Iranian government regards as enemies. A hacking group dubbed the Ajax Security Team, believed to be operating out of Iran, has used malware-based attacks to target U.S. defense organizations and has successfully breached the Navy Marine Corps Intranet. In addition, they have targeted dissidents within Iran, seeding versions of anti-censorship tools with malware and gathering information about users of those programs. Iran has invested heavily in cyber capabilities, with an annual budget reported to be almost $1 billion in 2012.

Hostile Iranian cyber activity has increased significantly since the beginning of 2014 and could threaten U.S. critical infrastructure, according to an April 2015 report released by the American Enterprise Institute. The Islamic Revolutionary Guard Corps and Sharif University of Technology are two Iranian institutions that investigators have linked to efforts to infiltrate U.S. computer networks, according to the report.

Iran allegedly has used cyber weapons to engage in economic warfare, most notably the sophisticated and debilitating denial-of-service attacks against a number of U.S. financial institutions, including the Bank of America, JPMorgan Chase, and Citigroup. In February 2014, Iran launched a crippling cyber attack against the Sands Casino in Las Vegas, owned by Sheldon Adelson, a leading supporter of Israel who is known to be critical of the Iranian regime. In 2012, Tehran was suspected of launching the “Shamoon” virus attack on Saudi Aramco, the national oil company that produces approximately 10 percent of the world’s oil, which destroyed around 30,000 computers, as well as an attack on Qatari natural gas company Rasgas’s computer networks.

The sophistication of these and other Iranian cyber attacks, together with Iran’s willingness
to use these weapons, has led various experts to name Iran as one of America’s most cyber- capable opponents. Iranian cyber forces have even gone so far as to create fake online personas in order to extract information from U.S. officials through accounts such as LinkedIn, YouTube, Facebook, and Twitter.

The WWTA assesses that “Iran very likely values its cyber program as one of many tools for carrying out asymmetric but proportional retaliation against political foes, as well as a sophisticated means of collecting intelligence.” In addition, “Iranian actors have been implicated in the 2012–13 DDOS attacks against US financial institutions and in the February 2014 cyber attack on the Las Vegas Sands casino company.”

**Summary:** Iranian cyber capabilities present significant espionage and sabotage threats to the U.S. and its allies, and Tehran has shown willingness and skill in using them.

**Assessment of Iran’s Threat**

Iran represents by far the most significant security challenge to the United States, its allies, and its interests in the greater Middle East. Its open hostility to the United States and Israel, sponsorship of terrorist groups like Hezbollah, and history of threatening the commons underscore the problem it could pose. Today, Iran’s provocations are mostly a concern for the region and America’s allies, friends, and assets there. Iran relies heavily on irregular (to include political) warfare against others in the region and fields more ballistic missiles than any of its neighbors. The development of its ballistic missiles and potential nuclear capability also mean that it poses a long-term threat to the security of the U.S. homeland.

According to the IISS Military Balance, among the key weapons in Iran’s inventory are 12- plus MRBMs, 18-plus SRBMs, 1,663 main battle tanks, 21 tactical submarines, six corvettes, 13 amphibious landing ships, and 334 combat-capable aircraft in its air force. There are 523,000 personnel in the armed forces, including 125,000 in the Iranian Revolutionary Guard Corps and 130,000 in the Iranian Army.

With regard to these capabilities, the IISS assesses that “The Iranian regular forces are large, but equipped with outdated equipment. The country’s apparent strategic priority is the complementary independent Iranian Revolutionary Guard Corps.” The IRGC “is a capable organization well-versed in a variety of different operations,” and “Iran is able to present a challenge to most potential adversaries, especially its weaker neighbors.”

I assess the overall threat from Iran, considering the range of contingencies, as “aggressive.”

**Conclusion:** Iran presents a significant threat to U.S. national security interests: directly in the Middle East region, to our key allies, and to our position as the balancer / influencer there. It has the ability to project power around the region and even outside it, particularly in asymmetric forms. The recent collusion of Iran with Russia gives Iran additional abilities to move around the world and to do significant mischief. As mentioned, there is no sequestration for the biggest purveyors of State Sponsored terrorism in the world. With respect to the Secretary of State, you cannot logically separate Iran’s terrorism from the JCPOA.

It is a mistake to underestimate either the intentions or the capabilities of Iran to do harm. Iran is not our partner, but a clear adversary.

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Mr. DeSantis. Thank you.
The chair now recognizes Mr. Nader for 5 minutes.

STATEMENT OF ALIREZA NADER

Mr. NADER. Chairman DeSantis, Ranking Member Lynch, and members of the subcommittee, thank you for inviting me to appear before you today to speak about the impact of sanctions relief on the Iranian regime’s policies at home and in the Middle East.

The Joint Comprehensive Plan of Action between Iran and the P5 Plus 1 will no doubt provide Iran with significant sanctions relief and alleviate some of the stresses faced by the Iranian economy. But several factors will constrain the Iranian regime’s ability to substantially grow the economy and use newly found resources to achieve its foreign policy objectives.

First, sanctions relief will not be granted unless Iran sharply reduces its nuclear capabilities. This means that Iran will be unable to use its nuclear program to expand its regional influence. Iran will only be rewarded economically once it has met its obligations under the nuclear agreement.

Second, while the United States will lift secondary sanctions against Iran, primary American sanctions targeting the Iranian regime’s support for terrorism and its human rights abuses will remain, preventing Iran from gaining access to American capital, and most importantly, American technology and know-how.

Although the nuclear agreement is expected to provide Iran with significant economic relief, the amounts involved are unlikely to greatly empower the Iranian regime at home or abroad. The regime is massively indebted due to its costly nuclear policies. It owes as much as $100 billion to Iranian banks and private firms. The Rouhani government was elected on a campaign to improve the economy, which will require Iran to spend at least $200 billion on its decrepit energy sector, in addition to tens of billions of dollars on domestic infrastructure, health care, and educational system. So while the lifting of U.S. secondary and European nuclear sanctions may enable Iran to increase its oil exports and give it access to $50 billion to $100 billion held in escrow accounts, much of this money will be used to pay debts and invest in the country’s infrastructure and social services.

In addition, because global oil prices are likely to remain low for the foreseeable future, oil exports will not enable Iran to get rich quickly. Iran faces stiff global competition, and its reentry into the global market is unlikely to pose serious competition to major oil producers such as Saudi Arabia.

Even after the nuclear agreement, many foreign companies will be hesitant to trade with Iran due to remaining U.S. sanctions and, perhaps more importantly, due to the overall reputation of the Iranian regime. Iran is one of the most corrupt and least business-friendly countries in the world.

The Iranian regime’s asymmetric capabilities will remain the key challenge for U.S. interests, but increasing U.S. military leverage in Syria and Iraq and a political solution to the Syrian conflict decrease the regional instability, which the Iranian regime exploits. The United States should be willing to engage Iran diplomatically when it suits its own interests.
Iran appears ascendant in Syria today, but it is more eager to end its involvement in the conflict than it may appear.

I have four recommendations for the United States, especially Congress.

Congress has a vital role to play in ensuring Iran’s adherence to the nuclear agreement by engaging in vigorous oversight of the agreement’s implementation. Congress should be ready to impose new sanctions against Iran if it is found to be violating the agreement. Moreover, Congress should remain fully informed of the status of the nuclear agreement by holding frequent hearings regarding its implementation.

However, Congress should not pass new legislation on terrorism and human rights abuses, especially as the nuclear agreement is implemented. Such steps could be viewed by U.S. partners and the international community as an attempt to undermine the nuclear agreement, endangering international enforcement of sanctions against Iran.

The nuclear agreement will not end the rivalry between the United States and the Islamic Republic. The Rouhani government is very limited in its ability or willingness to reform Iran. A U.S. focus on democracy promotion would, therefore, be beneficial.

The United States should make it easier for Iranian students to study at American universities, allowing them to gain an even more positive view of the United States and its values. U.S. programs that aim to increase cultural and sports exchanges between Iran and the United States should be expanded.

Finally, U.S. diplomacy with Iran can help resolve regional crises while strengthening positive views of America within Iran. Therefore, the United States should lift restrictions against diplomatic engagement with Iranian diplomats. U.S. diplomacy with Iran does not confer legitimacy on the Iranian regime. Such legitimacy can only be conferred by the Iranian people.

Thank you for the opportunity to share my views with the subcommittee. I look forward to your questions.

[Prepared statement of Mr. Nader follows:]
Alireza Nader  
The RAND Corporation

**The impact of Sanctions Relief on Iran**

Before the Committee on Oversight and Government Reform  
Subcommittee on National Security  
United States House of Representatives

November 5, 2015

Chairman DeSantis, Ranking Member Lynch, and members of the subcommittee, thank you for inviting me to appear before you today to speak about the impact of sanctions relief on the Iranian regime’s policies at home and in the Middle East.

The Joint Comprehensive Plan of Action (JCPOA) nuclear agreement between Iran and the P5+1 (China, France, Russia, the United Kingdom, the United States, and Germany) will no doubt provide Iran with significant sanctions relief and alleviate some of the stresses faced by the Iranian economy, but several factors will constrain the Iranian regime’s ability to substantially grow the economy and use newly found resources to achieve its foreign policy objectives. My testimony today will review these constraining factors and provide several recommendations for U.S. policymakers to consider.

First, sanctions relief will not be granted unless Iran implements the JCPOA by sharply reducing its nuclear capabilities. This means that Iran will be unable to use its nuclear program to expand its influence in the region. Iran will only be rewarded economically once it has met its obligations under JCPOA, which include reconfiguring the Arak nuclear facility, sharply cutting the number of operating centrifuges, reducing Iran’s stockpile of enriched uranium, and accepting intrusive inspections of Iran’s nuclear facilities. Second, while the United States will lift secondary sanctions against Iran, primary American sanctions targeting the Iranian regime’s support for terrorism and its human rights abuses will remain, preventing Iran from gaining access to American capital, and—most importantly—American technology and know-how. The European Union is expected to lift most of its nuclear-related sanctions against Iran once Tehran complies with JCPOA. However, European sanctions on other issues such as human rights will remain.

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Although the JCPOA is expected to provide Iran with significant economic relief, the amounts involved are unlikely to greatly empower the Iranian regime at home or abroad. The Iranian regime is massively indebted due to its costly nuclear policies; it owes as much as $100 billion to Iranian banks and private firms. The Rouhani government was elected on a campaign to improve the economy, which will require Iran to spend at least $200 billion on its dilapidated energy sector, in addition to tens of billions of dollars on domestic infrastructure, health care, and the educational system. The Iranian people have high expectations from their government and they are waiting anxiously to see the benefits of sanctions relief. So while the lifting of U.S. secondary and European nuclear sanctions may enable Iran to increase its oil exports by around 1 million barrels per year and give it access to $50–100 billion held in escrow accounts, much of this money will be used to pay debts and invest in the country’s infrastructure and social services.

In addition, because global oil prices are likely to remain low for the foreseeable future, oil exports will not enable Iran to get rich quickly. Iran faces stiff global competition, and its reentry into the global market is unlikely to pose serious competition to major oil producers, such as Saudi Arabia and the Gulf Cooperation Council (GCC) states. Iran is eager to exploit its massive natural gas resources, but it is years—if not decades—behind such major producers as Qatar, which enjoys a close relationship with the United States and has been able to become an energy powerhouse through technologies such as liquefied natural gas.

Even after the JCPOA, many foreign companies will be hesitant to trade with Iran due to remaining U.S. sanctions and, perhaps more importantly, due to the overall reputation of the Iranian regime. Many firms will avoid making capital investments in Iran out of fear that disputes over the JCPOA’s implementation will lead to the reimposition of sanctions. The resulting uncertainty will slow the rate at which Iran sees economic returns from the nuclear deal.

Iran is one of the most corrupt and least business-friendly countries in the world. The Iranian government’s chronic mismanagement of the economy, endemic inflation, unemployment, and societal repression will continue to plague the economy well into the future. The role of the Revolutionary Guards in the Iranian economy, in addition to other government actors, will ensure a long-term degree of caution on the part of foreign investors. Many of the Guards are opposed to the opening of Iran’s economy, fearing that the government of President Hassan Rouhani intends to use a more open and globalized economy to curtail their economic and political authority. The Guards’ detention and harassment of Iranian-American businessmen is an indication of their reluctance to embrace a new economic era. The Rouhani government’s inability or unwillingness
to protect those who want change in Iran will surely restrain the benefits of sanctions relief for the Iranian regime, and unfortunately for the Iranian people.

The JCPOA is a strong non-proliferation agreement. However, it does not address all of the United States’ problems with the Iranian regime. Nor should it do so. The JCPOA is a pragmatic solution to stopping the Iranian regime’s pursuit of a nuclear weapons capability. By ensuring that Iran does not pose a nuclear danger to the United States and its regional allies, it can be a first step in allowing the United States to contain and roll back Iran’s regional influence through military, diplomatic, and economic means. The Iranian regime will remain a challenge on many fronts once the JCPOA has been implemented, but the United States has the means to mitigate these challenges.

U.S. and allied military superiority will deter Iran’s conventional military capabilities even as Iran regains some of the resources necessary to improve its military. Iran’s deteriorating economy has meant a decline in Iran’s military capabilities as well. The GCC states spend more than ten times as much on their defense capabilities as Iran does. According to General David Petraeus, the United Arab Emirates air force “could take out the entire Iranian Air Force, I believe, given that it’s got . . . somewhere around 70 Block 60 F-16 fighters, which are better than the U.S. F-16 fighters.” And Iran will face an arms embargo for eight years after the JCPOA has been implemented.

The Iranian regime’s asymmetric capabilities will remain the key challenge for U.S. interests; but increasing U.S. military leverage in Syria and Iraq, a political solution to the Syrian conflict, and the defeat of the Islamic State of Iraq and the Levant on the battlefield will decrease the regional instability which the Iranian regime exploits consistently.

This means that the United States should be willing to engage Iran diplomatically when it suits its own interests. Diplomacy with Iran is not a sign of weakness, but of strength. The JCPOA was achieved due to Washington’s ability to create and sustain an international coalition to enforce sanctions against the Iranian regime. The United States could only persuade the world that it was willing to resolve the nuclear issue by engaging Iran directly. Multilateral diplomacy that includes Iran can similarly help the United States in resolving the Syrian conflict.

The Iranian regime appears ascendant in Syria today, as evidenced by the presence of a reported 2,000 Revolutionary Guards fighting on behalf of the Syrian regime. Iran also appears to have coordinated its expanding military campaign with Russia, giving the Assad regime a potential military boost before the resumption of diplomatic negotiations. However, the mounting
economic cost of supporting the Assad regime and the increasing deaths of Iranian generals and soldiers is sparking a debate within Iran and leading more Iranians to question their government’s actions. The Iranian regime is more eager to end its involvement in the Syrian conflict than it may appear.

Of course, Tehran is eager to protect its own interests in Syria, and is unlikely to curtail its military support for Assad until it has met some of its objectives, including the preservation of Iranian influence in Syria and Lebanon. However, there is no military solution to the Syrian conflict for Iran, Russia, the United States, and its Arab partners. A political solution means flexibility from all sides, as was the case with the negotiations leading to the JCPOA. Greater U.S. military leverage in Syria through increased support for moderate anti-Assad insurgent groups can mean greater U.S. diplomatic leverage on the negotiation table.

The JCPOA will not end the rivalry between the United States and the Islamic Republic. Iran’s regime is still largely revolutionary in character. The election of Rouhani has meant a more pragmatic Iranian foreign policy on certain issues, including the nuclear program and possibly the Syrian conflict. However, Iran’s senior leadership, including Supreme Leader Ayatollah Ali Khamenei, remain committed to enmity with the United States. Khamenei may have approved of the nuclear agreement and may support multilateral negotiations with Syria involving the United States, but his fundamental view of America has not changed.

Nevertheless, there is a future for Iran beyond Khamenei and the Islamic Republic. Iran’s population is relatively young, worldly, and eager to engage the international community. The Iranian regime’s decision to sign the JCPOA is in part due to pressures it faced from Iranians who revolted against the regime’s corruption and repression in 2009. There are no indications that Iran will face a mass insurgency or revolution in the near future, but the voice of the Iranian people matters; many have supported the JCPOA not just for the economic relief, but in the hope of a brighter future.

The United States should be open to engaging the Rouhani government on various issues, but the real hope for better U.S.-Iran relations lies in a more democratic and open Iran. Rouhani’s government has demonstrated its desire for a more open economy, but it has taken little to no action to challenge Iran’s repressive political system. The Iranian regime’s human rights abuses remain as horrible as before Rouhani’s election, if not even worse; a recent report by the United Nations noted a record number of executions in Iran, among other human rights abuses against women and religious and sexual minorities.
The regime has imprisoned hundreds, if not thousands, of Iranians who have expressed a desire for a more democratic and pluralistic political system. In addition, five Americans remain in Iranian jails or unaccounted for: Jason Rezaian, Amir Hekmati, Saeed Abedini, Robert Levinson, and the recently arrested Siamak Namazi. As Iran implements the JCPOA, it remains essential that the United States seek the release of U.S. citizens unjustly jailed by the Iranian regime.

The jailing of Iranian-Americans is an indicator that the JCPOA and sanctions relief will not lead to a dramatic transformation of Iran or its relations with the United States. However, the JCPOA is a first step in the right direction. Not only does it stop Iran’s nuclear weapons capability, but it also gives Iranians a chance to change their future. The taboo of U.S.-Iran engagement has been broken. The Iranian regime can no longer convincingly blame the United States for all of Iran’s problems, which makes it accountable, alone, for the country’s success or failure.

U.S. efforts to strengthen Iranian civil society by promoting democracy could help lead to a more open and humane Iran but, ultimately, only the people of Iran can change their country. Engaging the Iranian regime through the JCPOA and other diplomatic initiatives does not confer legitimacy upon the Islamic Republic, nor does it mean that the United States will ignore Iran’s aggressive regional policies or its abuses at home. The JCPOA is a pragmatic necessity, but much work remains to be done in containing, deterring, and rolling back the Iranian regime.

**U.S. Policy Recommendations**

Congress has a vital role to play in ensuring Iran’s adherence to the JCPOA by engaging in vigorous oversight of the JCPOA’s implementation. Congress should be ready to impose new sanctions against Iran—if it is found to be violating the agreement. Moreover, Congress should remain fully informed of the status of the JCPOA by holding frequent hearings—both unclassified and classified—regarding its implementation.

However, Congress should not pass new legislation on terrorism and human rights abuses, especially as the JCPOA is implemented. Such steps could be viewed by U.S. partners and the international community as an attempt to undermine the JCPOA, endangering the international consensus on the nuclear accord and enforcement of sanctions against Iran. Existing sanctions against Iran will be sufficient to limit its regional objectives; particular events, such as Iran’s expanding influence in Syria, may be a tempting reason for additional sanctions, but these would only undermine the JCPOA and U.S. attempts to resolve the Syrian conflict.
A focus on democracy promotion would be beneficial in the long term. The United States should adopt policies that promote a stronger Iranian civil society. The United States should make it easier for Iranian students to study at American universities, allowing them to gain an even more positive view of the United States and its values. U.S. programs that aim to increase cultural, religious, and sports exchanges between Iran and the United States should be expanded.

Remaining U.S. sanctions against Iran allow the export of certain telecommunication software and hardware. Congress should continue to encourage access to communication tools for ordinary Iranians, as freer access to information will expose the country to new ideas and encourage Iranian citizens to pressure the regime to allow greater personal and political freedoms. Congress should also support a mechanism for direct banking links with Iran. Such a channel could also be used to expand the export of food and medicine to Iran, as well as facilitate personal and family remittances in a more transparent manner.

The United States should stop viewing diplomacy with Iran as a disadvantageous policy or an expression of weakness. U.S. diplomacy with Iran can help resolve regional crises while strengthening positive views of America within Iran. Therefore, the United States should lift restrictions against diplomatic engagement with Iranian diplomats. U.S. diplomacy with Iran does not confer legitimacy on the Iranian regime; such legitimacy can only be conferred by the Iranian people.

Thank you for the opportunity to share my views with the subcommittee. I look forward to your questions.
Mr. DeSantis. Thank you.

The chair now recognizes himself for 5 minutes.

Dr. Bucci, Mr. Nader stated in his written testimony that the amount of sanctions relief is, “unlikely to greatly empower the Iranian regime at home or abroad.” And he said that they will likely use it to pay down debts and follow through with President Rouhani’s promises to invest in the country. Do you agree that that is how Iran is likely to spend the money it receives from sanctions relief?

Mr. Bucci. With due respect to my colleague, Mr. Chairman, I think that is wildly optimistic. Clearly they will apply some of the money. That is a ton of money they are going to get suddenly injected into their economy. Some of it will go to pay some debts. Some of it will go to some infrastructure things. They have got a considerable domestic ferment there that they need to address. A regime that under the sanctions was spending as much money as they were spending on support of terrorism, to think they are not going to siphon off at least some of that money, maybe a big chunk of it, to upgrade that support of terrorism once they get this new money is delusional.

Mr. DeSantis. And their proxies like Hezbollah have cheered the agreement. I do not think they would do that unless they saw benefits for them as a result of it.

Dr. Schanzer, Mr. Nader agrees with—this is with respect to the increase in oil exports of $1 million per year. He agrees with that, but he argues that Iran will use this additional income to pay debts and invest in the country’s infrastructure and social services.

So what do you believe just based on the history of human rights abuses that we have seen under the Supreme Leader? We have seen the regime’s conduct. That oil money—what is your best guess as to what is going to happen with that?

Mr. Schanzer. Mr. Chairman, look, I would just say this as an overall observation that those who are proponents of the regime all of a sudden are also accountants and purport to know how Iran is going to spend its money. We have seen, during the time when Iran was building its nuclear weapons capability, that it was spending money, not paying down its debts, obviously. It was pursuing a reckless policy then. I do not expect it to change a policy of recklessness even though they have at least for now decided to curb their nuclear objective. So I would certainly expect to see oil funds, as well as the sanctions relief, flowing to groups like Hezbollah, Kata’ib Hezbollah in Iraq, a lot of the other groups there that are fighting on behalf of the Iranians. I would expect to see the IRGC getting huge amounts of this.

But one other thing that is incredibly important to note is that the IRGC controls roughly a third of the Iranian economy. And so when you talk about money that is going to flow to hospitals and schools and roads, what you are doing is you are sinking money into companies controlled by the IRGC. So it is simply a pass-through to this radical organization which will then go and finance all these radical groups around the region.

Mr. DeSantis. Thank you.

Lieutenant General McInerney, as a result of this deal, you sketched out kind of Iran’s malign influence. Does this deal make
their project in, say, Yemen easier for them or more difficult for them?

Mr. McInerney. It makes it much easier, Mr. Chairman.

Mr. Desantis. How about their project—I know that they have designs on Bahrain. Is this better for Iran and their designs on Bahrain, or does it make their life more difficult with respect to those ambitions?

Mr. McInerney. Again, better for their designs on Bahrain.

Mr. Desantis. And we have talked about—and I think you have pointed this out in your testimony very well. You know, we talk about, hey, Iran—yes, they get this entire nuclear infrastructure. It is basically being kept in place. They got the heavy water reactor. But they have promised that there is not going to be any plutonium production. Yes, they have an underground facility at Arak, but they are going to—or in Fordow—excuse me. But they promise they are just going to do research there. So you have words on the paper. True. In your judgment, do you think it is likely that you will see the type of unfettered inspections that you need? I know in some of the military sites, they are essentially going to self-inspect. So are the words on the paper something that we would want to hang our hats on?

Mr. McInerney. Mr. Chairman, they celebrated their 36th anniversary of seizing our embassy yesterday. I expect no changes in their conduct.

Mr. Desantis. Let me ask you this. I think Dr. Schanzer made some good recommendations about what Congress can do in terms of the financing. What would you say—two-thirds of the American people I have seen do not think this is a good idea. What should Congress do? This was never passed by Congress. It is essentially an executive-to-executive agreement that will expire with the new administration. But in the meantime, what would you recommend that Congress do to combat the threat?

Mr. McInerney. I would increase the sanctions, as Dr. Schanzer mentioned. We have got to put bounds on that nation, and we are not. We are encouraging bad behavior.

Mr. Desantis. Dr. Bucci, what should we do? If we agree with your testimony, we think this is a problem, we think Iran—the net effect of this, Iran is stronger, more and more of a malign force than they have already been. It hurts our national security interest. But yet, we cannot really— I mean, we voted the agreement down, but it did not matter. It is going forward as an executive agreement.

Mr. Bucci. Mr. Chairman, I think you ought to take whatever steps you think you can get away with to put the clamps back on, particularly the Quds Force people, General Soleimani. He is circulating around the world going into Moscow to chat with Vladimir Putin, those kind of things that are now legitimate under this agreement. That is such a slap in the face of the people that have been killed by this man’s troops and his plots. Those kind of sanctions, very specific, very directive, at least ought to be put back in place.

Mr. Desantis. And I would venture to guess that Soleimani, of any living person, probably has more American blood on his hands than anyone. I mean, Osama bin Laden has been killed. He killed
at least hundreds of our troops in Iraq. I have heard as many as 1,500. General, do you think that sounds reasonable, a reasonable estimate?

Mr. McInerney. Well, I have heard a number between 500 and 1,500.

Mr. DeSantis. You know, relieving international sanctions of somebody that is not just a malign influence but has actually killed a lot of Americans—and we have had people come to Congress who were wounded by these EFP's that Iran was providing these Shiite militias. And it is not a story I think that is as well known as the Sunni insurgency during that time period.

The one thing I would also mention—and we are working on some legislation, but because this was not ratified as a treaty or even passed this Congress as statutory law, what the President has agreed to cannot supersede State sanctions. It is not the supreme law of the land. And so we have States—I am from Florida that has pretty tough sanctions in terms of the investments in Iran and what can be done with the pension funds. And we are going to be introducing some legislation hopefully soon that will allow really saving the State sanctions, making it clear and really encouraging States that they should do what is right for their folks. And so those States and those States that have acted are really an important part of this right now, more important than we probably thought.

With that, I am out of time, and I will recognize the ranking member, Mr. Lynch, for 5 minutes.

Mr. Lynch. Thank you, Mr. Chairman.

America has always been somewhat forward-looking, and I think the examples in our history where we have had tremendous loss of life within our Nation—you know, wars against Germany, against Japan, against Vietnam. And now we have got trade agreements, and we are trying to move forward with those relationships.

And I think that while there is need for great caution here, no question about it—I do not trust the Iranian regime—I think there is an opportunity here that has been created not by just the United States but by P5 Plus 1. So we have got to consider the implications here. I think that the verification protocols have to be in place. They have to be robust.

Mr. Nader, I want to ask you about the state of the Iranian economy and the impact of whatever money pours over—some say $100 billion. Some say $200 billion—into the Iranian economy.

We have had a chance to talk to the IAEA inspectors who have been in Tehran and around the country. They tell me that they are afraid to fly commercially within Iran because our sanctions, together with the Europeans and others—we have blocked basic commercial airline parts as part of our sanctions so that the IAEA inspectors—the way they operate is they fly directly on Lufthansa mostly from Germany into Tehran. They will not fly around the country because they are deathly afraid of the safety conditions of the Iranian commercial airlines.

They have also indicated that this petrol economy—and Iran is basically gas and oil. That is a huge part of their economy. That has been devastated by the sanctions, which was the whole idea to get them to the table.
What do you think the impact of this money—have any of the financial sanctions been lifted so far? Has any of the money gone to it? So nothing yet. So we have got a parade of horribles that might happen, but nothing has gone.

And why is that? Why has no money gone to Iran yet?

Mr. NADER. Well, first of all, Iran has not implemented the nuclear agreement. Once it implements the nuclear agreement and the IAEA verifies that Iran has taken these steps and they are verifiable, then Iran will meet with some sanctions relief.

But I think it is important to recognize that a lot of U.S. sanctions are going to remain against Iran. You mentioned Iran’s civilian airlines. They have been without modern technology and parts for decades. Iran’s natural gas industry, which Iran has one of the biggest gas reserves in the world, cannot take advantage of the resources because of U.S. sanctions preceding the nuclear sanctions. So if you look at the long list of U.S. sanctions, a lot of sanctions, the primary sanctions will remain against Iran. A lot of companies will be hesitant to trade with Iran and deal with Iran.

And when we look at Iran’s conventional military capabilities, under the JCPOA Iran will face a 5-year embargo on its conventional arms imports. It will face an 8-year embargo on its missiles. Even after that, the U.S. primary sanctions are going to deter a lot of foreign countries from selling equipment to Iran. Even before the nuclear issue became such a problem, Iran was having a difficult time importing sophisticated weapons because the Europeans and even the Russians and Chinese were hesitant to deal with Iran. So I think there are going to be a lot of restraints on Iran, on its economy moving forward.

And finally, I want to say that, yes, this regime will support terrorism. It will deny human rights to its people. But it is important that we have a nuclear agreement which takes the nuclear capability away from the Iranian regime. And I think this is why this agreement is important. It is a strong nonproliferation agreement that will ensure Iran does not have a nuclear weapons capability.

Mr. LYNCH. The latent capability of the Iranian regime really lies in oil and gas. There are some who say there is an oil glut now. That is why prices are down. But the natural gas piece there is a concern because there is a greater use around the world. You know, people are getting away from coal and oil to some respect, but natural gas—that could be a bonanza for Iran.

How far behind are they? How long would it take—I know we have a lot of—there are already contracts in place with a lot of the European countries and the United States with Qatar, for example. They have already rebuilt their whole natural gas infrastructure, and they have not cornered the market, but they have got a huge advantage there. What would it require for Iran to sort of catch up? Because they are actually pre-LNG still back in Iran. They have not even come forward with that technology. So could you talk about how much time it might take them to catch up?

Mr. NADER. Well, if you compare Iran to Qatar, it is years if not decades behind. And Iran and Qatar share a very large gas field, the South Pars gas field. And Qatar has really taken advantage of it because it is a close U.S. ally. It has access to liquefied natural gas technology through the United States, and Iran lacks that tech-
And I doubt that it will be able to catch up anytime soon because of U.S. primary sanctions against Iran.

And I think a lot of European companies and even Asian companies will be reluctant to help Iran develop its natural gas resources. So Iran is years if not decades behind in its natural gas. And in terms of its energy sector, when you compare it to Saudi Arabia, for example, or Russia, it is also years and decades behind.

I talked to an economist who had worked on Iran’s petroleum industry during the shah’s reign. At that time it was relatively modern, and when he saw Iran’s current status, he said it brought tears to his eyes as an engineer and scientist because how behind Iran had fallen because of the regime’s policies, because of its nuclear policies, and its reputation overall.

Mr. LYNCH. Thank you.

I thank the chairman for the indulgence. I appreciate that.

Mr. DESANTIS. No problem.

The chair now recognizes the gentleman from Georgia, Mr. Hice, for 5 minutes.

Mr. HICE. Thank you, Mr. Chairman.

And thank you, each of our witnesses, for being here.

It is my understanding from your testimony, what you have shared to this point—yes or no—would you agree that if the sanctions are lifted, that Iran will most likely, probably use a significant portion of that revenue to advance their military strategy?

Mr. MCINERNEY. I concur with that, sir.

Mr. SCHANZER. I do as well.

Mr. BUCCI. Absolutely, yes.

Mr. NADER. Yes. I think it will use some of it.

Mr. HICE. Okay. All right.

Dr. Bucci, let me go with you. Any idea how many American lives have been lost since 2001 in Iraq and Afghanistan?

Mr. BUCCI. Total is up about 8,000 I think.

Mr. HICE. Any idea of how many have been killed by specifically Iranian activity?

Mr. BUCCI. The number that gets batted around that the General mentioned, up around 1,500, is generally associated with the use of the Iranian-provided shaped penetrators, the sort of enhanced IED’s that were provided to specifically the Shia militias. I think you need to go a little beyond that because it is not just the IED’s that kill people. There were bullets that killed people. There were advanced sniper rifles that were given to those same Shia militias by Iran that also killed American service members. So I would guess it is more than the 1,500 that people generally quote.

Mr. HICE. All right, sir. If you had to give one weapon, what is the key weapon that has been used against Americans?

Mr. BUCCI. The enhanced penetrator.

Mr. HICE. Is that produced in Iran?

Mr. BUCCI. Absolutely.

Mr. HICE. In an interview with a British paper, “The Telegraph,” there were a couple of British military officers who allegedly said that Iran had paid Taliban fighters $1,000 each for each American soldier that they killed in Afghanistan. Is this accurate?

Mr. BUCCI. I have not seen proof of that, Congressman, but I have seen pretty good proof that the Iranians were paying the
Taliban’s salaries, in some cases over $500 a month, which is a pretty hefty salary in Afghanistan. So whether they were doing it as a direct bounty or just the general funding of their operations, it is still pretty significant.

Mr. HICE. So they are funding the Taliban soldiers against us.

In your experience, what is the greatest threat Iran poses to American ground forces?

Mr. BUCCI. The exportation of terrorism around the Middle East. None of our people are essentially safe anywhere in the Middle East that the Quds Force can reach them, and that is pretty much the entire region.

Mr. HICE. Would you agree that regardless of an agreement being reached, that Iran is still going to be a significant threat to both American interests and our allies?

Mr. BUCCI. Not only is it my opinion that they will be so, Congressman, the Iranians have said they will be. They have said they will not back off on any of those type of operations or policies regardless of this agreement.

Mr. HICE. Specifically, what kind of threat does Hezbollah pose to Israel?

Mr. BUCCI. They are the best supplied, the best equipped, the best organized. While they are tied up in Syria right now, that is frankly gaining them additional equipment and experience that they could then turn around and apply against Israel. So they are, by far, the biggest threat.

Mr. HICE. And I would assume that same threat would carry over to America as well.

Mr. BUCCI. Oh, definitely.

Mr. HICE. So what level of support has Iran contributed to the funding, training, support, so forth of Hezbollah?

Mr. BUCCI. Pretty much 100 percent of Hezbollah’s support comes directly from Iran.

Mr. HICE. So is it fair to say that at least in your opinion if the sanctions are lifted, Hezbollah is going to see a significant boost in its financial backing?

Mr. BUCCI. They will benefit. Hezbollah, Hamas, and other terrorist groups around the Middle East—they will all gain from this largesse of the Quds Force.

Mr. HICE. Dr. Schanzer, you had mentioned a while ago—and I would like to get a little more information about EIKO. Can you give a little bit more information as to what that is?

Mr. SCHANZER. Absolutely. That is a $95 billion fund owned by the Supreme Leader, Ali Khamenei. It includes a big chunk of the Iranian stock market, I think 5 or 10 percent, on top of that, significant real estate holdings, international holdings as well. We had sanctions on it. It is set to be de-listed now as a result of this deal.

Mr. HICE. Again, I want to thank you for being here, each of you. My time has expired. I appreciate it very much. Thank you, Mr. Chairman.

Mr. DeSANTIS. I thank the gentleman.

The chair now recognizes the gentlewoman from Michigan for 5 minutes.

Mrs. LAWRENCE. Thank you, Mr. Chair.
Mr. Nader, is it true that while this agreement was announced in July, it was technically adopted on October 18th, 2015?

[Nonverbal response.]

Mrs. LAWRENCE. So a couple questions.

Iran is now expected to begin nuclear disarmament. Is that right?

[Nonverbal response.]

Mrs. LAWRENCE. So technically adopted October 18, 2015. So now the disarmament is expected to begin.

And as I understand it, the next milestone would be implementation day. Is that correct?

[Nonverbal response.]

Mrs. LAWRENCE. Can you explain what implementation day is?

Mr. NADER. Sure. Once the nuclear agreement was adopted, which you mentioned, Iran is expected to implement the agreement over the next few months. That entails Iran undertaking actions that block all the paths toward nuclear weaponization. That means severely restricting its uranium enrichment program, reducing its centrifuges that spin uranium by two-thirds, by reducing its stockpile of enriched uranium by 97 percent, by reconfiguring the Arak facility that could produce plutonium for nuclear weapons. So that would block Iran’s plutonium weapons production. And also Iran would accept very intrusive inspections into its nuclear facilities.

From the bottom up, the IAEA and the United States will have a very good idea of what Iran is up to. So when Iran is building these centrifuges in its factories, we will know where it is building them and what they are doing with the centrifuges. So if they want to pursue a covert program and take these centrifuges, we will know what is going on. And these actions are expected to give us about a year warning if Iran decides to produce breakout, meaning that if Iran races toward a nuclear weapon, if it decides to violate the agreement, then we will know and we will have the ability to respond whether economically, diplomatically, and militarily.

So in terms of implementation, once Iran implements the agreement, the nuclear program is going to be under very close monitoring and inspection. And that is what really the international community has asked Iran to do for the past 10 years.

Mrs. LAWRENCE. Thank you.

I have heard estimates for the implementation day could be as soon as the end of the year or as far off as next spring. Is that correct?

Mr. NADER. Yes. It could take a few months.

Mrs. LAWRENCE. Now, the sanctions are not to be lifted until everything Iran has done has been physically verified as complete by the IAEA. Correct?

Mr. NADER. Yes.

Mrs. LAWRENCE. Now, I understand that the implementation day—only nuclear-related sanctions will be removed. You mentioned it, but could you just restate what are some of the other—because I understand the remaining conventional arms and ballistic sanctions are to be removed in phases. So could you please give us some information on that?

Mr. NADER. Yes. According to JCPOA, Iran will still face a 5-year embargo on the import of conventional weapons. So no country can
sell conventional weapons to Iran for 5 years. If they do, they will be punished and sanctioned.

For 8 years, no other country can help Iran develop its missile program. If any countries or companies help Iran with its missile program, they will be punished and sanctioned.

And once the nuclear sanctions against Iran are eased, you still have a number of U.S. sanctions that date from 1979 to the Iran revolution. Whether you are looking at the freezing of Iranian assets, Iran Sanctions Act that dates from the 1990s, sanctions against the Revolutionary Guard and the Quds Force, those will remain. The American sanctions will remain against terrorism and human rights abuses.

Although the European Union is expected to lift its nuclear sanctions against Iran, its human rights abuses sanctions will also still remain. And a lot of the European countries do care about human rights and look at human rights in terms of investing in Iran.

Mrs. LAWRENCE. So in the last few minutes I have, I agree with the statements that have been provided by our distinguished panel. There are some bad guys in Iran. They are not a friend of the United States.

This nuclear agreement is directed toward a verified system of stopping Iran from getting the nuclear weapons. And we have just begun this process so that we can examine and verify before any sanctions will be lifted. Is that correct?

Mr. NADER. Yes, exactly.

Mrs. LAWRENCE. Thank you. I yield my time.

Mr. NADER. Yes, exactly.

Mrs. LAWRENCE. Thank you. I yield my time.

Mr. DeSANTIS. The gentlelady's time has expired.

The chair now recognizes the vice chair of the committee, Mr. Russell from Oklahoma, for 5 minutes.

Mr. RUSSELL. Thank you, Mr. Chairman.

And thank you, panel, for being here.

Mr. Nader, you said both in your testimony and in answers to questions that no one that is on the terror and human rights lists will have sanctions lifted. Yet, I like General McInerney have read the entire agreement, have researched every single name on the sanctions list. I have personally discovered over 50 individuals and entities that have violated terror and human rights. Yet, they are listed for sanctions relief. For example, General Soleimani, General Salami, General Hajizadeh, the Quds Force, the Islamic Revolutionary Guard Corps, the Islamic Republic of Iran's shipping lines, a known shipper of weapons all over the region for terror.

So my question is, since the agreement clearly says that these sanctions will be lifted, how can you state that?

Mr. NADER. Those are the nuclear secondary sanctions. So the secondary sanctions under the nuclear sanctions that the United States has passed compel other countries and companies to stop trading with Iran. And in order to achieve the nuclear agreement, those secondary sanctions will be eased.

But when you look at U.S. primary sanctions—for example, Iran is designated as a supporter of terrorism by the United States. It was designated in 1984. That puts a lot of sanctions against Iran and deters foreign companies and countries from trading with Iran. And there are a number of other sanctions that precede the nuclear
sanctions going back to 1979. There are many overlapping U.S. and international sanctions against Iran.

Mr. RUSSELL. Well, and that is the concern. And I would invite all of the panel and even, Mr. Chairman, our committee to look at paragraph 37 of annex 2 in the agreement because Iran has a much different view about these sanctions liftings, and they believe that these individuals will be wide open for business.

And in that regard, Dr. Schanzer, the Islamic Republic and Guard Corps, the Quds Force, and others—it has a vast array of business that it conducts. Can you very succinctly describe what it is, that its legitimate business reach is? We think it is nefarious, but yet, on the other hand, we see that it is conducting itself normal and it will be able to conduct enterprise in your hometown.

Mr. SCHANZER. That is right. This was the point that I was trying to make earlier that the IRGC has deep penetration across just about every sector within Iran. This is construction. It is petrochemical. It is gas. Basically every major sector within Iran has IRGC companies that are set to benefit from this. This is one of the reasons why we have placed such a huge focus on targeting the IRGC itself, lowering the threshold for designating the IRGC businesses to make it harder for our money to flow there.

But there is one other thing that I think is worth noting. We keep hearing that we have not lifted any sanctions yet. That is untrue.

Mr. RUSSELL. I agree.

Mr. SCHANZER. After the signing of the JPOA, the interim agreement, back in November of 2013, we began to provide Iran with $700 million per month. We lifted sanctions on gold, petrochemicals, auto, a range of other sectors, and that has allowed Iran to benefit from this deal even before we signed it. And so it is simply not true to say that we have not provided them with sanctions relief to this point.

Mr. RUSSELL. I appreciate that.

And, General McInerney, you will not remember me, but we served together when you were the Joint Task Force Alaska Commander and I was the aide to General Sam Ebbessen when General Tom Fields was there. And it is good to see you again after all these years.

Mr. MCINERNEY. You were dressed differently, sir.

Mr. RUSSELL. I was indeed, sir. Thank you for being here.

Sir, can you speak to Iran’s missile and cruise missile threats and the development of the underground silos and what the implication of that is?

Mr. MCINERNEY. Briefly, sir. They are missiles. The primary value is in the nuclear realm. So they are leading the problem in developing conventional. And we just noticed on the 10th of October, less than a month ago, that they launched an IRBM. And they are going to continue to progress. They are getting help from China, North Korea, and Russia.

Now, their eventual goal is to put nuclear weapons on these. And we have seen the ability, when you then have that capability and then when you go to underground silos, as well as the Chinese have where they have roads underneath—you then have the ability for a nation like Iran to hold hostage Europe, the United States,
other parts of the world. And that comes back to then when they are negotiating. When you are negotiating and you are looking at a person you are negotiating with and he does not have to say it, but you know he has nuclear weapons that he can put on your cities, that changes the tone of the negotiations. And that is the direction that they are going to. Will it happen next week? No, but that is their long-term objective. And if they are still in power in 36 years from now, we are in trouble.

Mr. RUSSELL. I thank you for that, General.

And, Mr. Chairman, my time has expired, but if we have a chance for a second round at the end, I would have some more questions. Thank you.

Mr. DeSANTIS. We have still got over 10 minutes on the vote, 410 not voting. So I think we will be able to get through a couple more.

So the chair now recognizes Ms. Kelly for 5 minutes.

Ms. KELLY. I will keep it short. Thank you, Mr. Chair.

Iran's neighbors such as Israel and Saudi Arabia are concerned that the deal is not sufficiently strong and does not prevent Iran from obtaining a nuclear weapon. This was a serious concern that warranted consideration prior to enactment. However, now with the deal in place, it is imperative that we move forward and work to ensure that compliance is strictly enforced and any and all sanctions be implemented following noncompliance to ensure those fears remain unwarranted.

Mr. Nader, what provisions of the deal hold Iran's feet to the fire to ensure its compliance?

Mr. NADER. There are many provisions, from Iran having to verify—or the IAEA having to verify that Iran has complied with their program to the future restrictions in place against Iran for the next 15 years, which is the duration of the program. And then even after 15 years, there are components of the program that last for 20 to 25 years giving the United States insight into Iran's program and enable to reassure our allies the United States has provided them with the technology and weaponry to deter Iran's military capabilities. For example, the United States has helped Israel develop a very sophisticated antiballistic missile defense system. The same goes for Saudi Arabia and the GCC states. And while those allies have been concerned about Iran's nuclear activities and have been concerned about the negotiations, as they should be because Iran poses a threat to them, they have come to see that the nuclear agreement can be beneficial to their interests. Saudi Arabia and the GCC have approved of the program and are working very closely with the United States to strengthen their conventional military capabilities against Iran.

Ms. KELLY. A shortcoming of the deal many point to is that provisions expire at all. However, to my knowledge, no arms treaty or agreement has ever been without expiration. But in fact, even the much hailed Nuclear Nonproliferation Treaty had an expiration date until it was renewed. Is that not correct?

Mr. NADER. Yes. All nonproliferation treaties do have an expiration date.

I think what is unique about JCPOA is it does last 15 years, but even after 15 years, the IAEA has a very close inspections regime against Iran's nuclear program. Some of the measures last 20 and
25 years. From the time Iran mines uranium from the ground to the time it builds its centrifuges and takes them for enrichment, we will know what it is doing even after the agreement has expired.

Ms. KELLY. Because these provisions do not extend into perpetuity, compliance with the agreement is even more dependent on Iran’s domestic politics and leadership. Moving forward, what must Congress do to ensure future Iranian regimes continue to abide by the agreement and we do not have to keep going back to the negotiating table and face a threat of a nuclear Iran?

Mr. NADER. I do not think the Iranian political system is going to change any time soon. Ayatollah Khamenei still rules Iran as long as he lives. The Revolutionary Guards are a powerful force.

But there are millions of Iranians who want change in their country. We saw in 2009 millions of Iranians come into the street in support of democracy. And moving forward, I think there is a lot the United States can do to foster democracy in Iran whether it is increasing exchanges between Iranians and Americans. And I think that is very important actually because the Iranians get to come here, see what the United States is like, and not be subject to their government’s propaganda. So strengthening civil society, public diplomacy, U.S. broadcasts to Iran can all be very helpful.

Ms. KELLY. Thank you.

I yield back the balance of my time.

Mr. WELCH. Thank you very much.

I really appreciated the testimony and the points that you made. We had this fierce debate, obviously, about the nuclear deal. The majority of Congress was against it. The minority was for it. It has been implemented. I did support it but share a lot of the concerns that have been expressed.

And in listening to the testimony and reading beforehand, there is an aspect of what you have said—and I will start with you, General McInerney—that, on the one hand, cautions us about the future, and we have got to take that seriously. But on the other hand, there is an aspect of it that I hear as a continuation of the fierce debate that we had about the deal itself. The deal is done. So that is not going to be undone realistically.

So when you are talking about the sanctions relief, how is it that we would not comply on our part with the sanctions provisions that were part of the nuclear deal even as we are extremely wary and watchful about what Iran is doing to cause difficulties in an already difficult Middle East situation? In other words, what is the tool that we have? We have to comply with the agreement. Right?

Mr. MCINERNEY. This administration does, yes, sir.

Mr. WELCH. Would you just elaborate on that?

Mr. MCINERNEY. Well, this administration that signed it as an executive agreement is going to comply with relieving those sanctions when they meet their appropriate endpoints.
We think that we should put as a Congress additional sanctions on certain elements like the Quds Force, IRGC, et cetera.

Mr. WELCH. Let me just understand this because I think it is important. A lot of people I think probably agree with you. But if the administration signed this agreement, what I am hearing you say is that the next administration is going to have its own option to review it and perhaps change it. Is that your suggestion?

Mr. MCINERNEY. Yes. As a matter of fact, some of the candidates have already announced that they will cancel it. And that is a clear option.

My personal course of action on this altogether would have been never to have the JCPOA but we should have continued the sanctions, which were very effective, and we have to, in the long run, look for regime change. Remember the difference that this government is. It is a radical Islamic government. If you look at Saddam Hussein, he was a Baathist. If you look at Bashar al-Assad, he is a Baathist.

Mr. WELCH. Yes. I do not have that much time. So your view is that the stability that we need will come only through ultimately a regime change in Iran.

Mr. MCINERNEY. Correct.

Mr. WELCH. And, Dr. Schanzer, do you agree with that?

Mr. SCHANZER. I am not going to speculate as to whether the next President would cancel the deal, but what I can tell you is that there are measures that can be taken in the interim ——

Mr. WELCH. I am wondering whether you agree with General McInerney that regime change is ultimately the option that is the only option that will really assure us that there will be stability with respect to Iran.

Mr. SCHANZER. Look, as long as this regime is in place, you will continue to see the sponsorship of terrorism in other proxies around the region. There is no question about it. We should be working toward regime change. 2009 was a huge missed opportunity.

Mr. WELCH. Dr. Bucci?

Mr. BUCCI. I would agree with that also, Congressman. This regime has stated publicly—they are actually quite honest about it—that they are not going to give up any of those things. They do not see that they have to with this deal, so they will not. And in fact, the deal will enable those efforts to be stronger and more widespread than they were before. So I think regime change is the only way it achieves stability in that country and in the region.

Mr. WELCH. There were a number of people who agreed with you on that. A number of people disagreed, myself among them, partly on practical grounds. Regime change did not work out so great in Iraq.

But the original sanctions that we had did not stop the nuclear program. They froze the Iranian assets overseas, but the Iranians proceeded even further along the nuclear program, which means that there is a judgment all of us have to make as to the effect of our actions. And what we hope it will accomplish will not necessarily be the case.

General McInerney?
Mr. McInerney. We with those sanctions, sir, needed to continue our covert operations, which I will just say that if we were in a closed session, we could talk about it.

Mr. Welch. My time is up. Mr. DeSantis, thank you very much for letting me participate.

Mr. DeSantis. Absolutely.

I am going to recognize the vice chair. He has got one more question. We are all pretty much out of time on the votes, and so we will do this question and then I think we will wrap up the hearing.

Mr. Russell. Thank you for your indulgence, Mr. Chairman.

Dr. Bucci, my last remaining question was for you. Could you speak to the recent activity of the Quds Force and its terrorist activity? And by recent, I mean within the last 2 to 5 years.

Mr. Bucci. Yes. They tried to kill the Saudi Ambassador here in Washington. I think that is within that time period. They hired one of the Shia militia groups in Iraq to rocket the MEK camp that is there, people that were under our protection and the protection of the Iraqi Government. They are behind the cyber attacks that the chairman mentioned at the beginning of the hearing and the ones who did the attack on Saudi Aramco where they destroyed 30,000 computers in one day using a very heavy-handed piece of malware. They have done operations in Latin America, Africa, and they are behind the Houthis in Yemen. So they are pretty busy fellows and very, very effective.

Mr. Russell. Thank you.

And thank you, Mr. Chairman.

Mr. DeSantis. Well, I would like to thank all of our witnesses for taking the time to appear before us today.

If there is no further business, without objection, this subcommittee stands adjourned.

[Whereupon, at 10:18 a.m., the subcommittee was adjourned.]