

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

**GULF ROUNDTABLE SERIES:
IRAN: ADDRESSING THE NUCLEAR THREAT**

**WELCOME/MODERATOR:
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DIRECTOR, MIDDLE EAST PROGRAM,
CSIS**

**SPEAKER:
REP. HOWARD L. BERMAN (D-CA),
CHAIRMAN,
U.S. HOUSE COMMITTEE ON FOREIGN AFFAIRS**

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JON ALTERMAN: Could I have your attention for a moment, please? Good afternoon. I'm Jon Alterman, the director of the Middle East Program at CSIS. And it's really a pleasure to welcome you all here today for one of our more elaborate Gulf roundtables. And I'm especially delighted to be introducing the chairman of the House Committee on Foreign Affairs, Howard Berman.

Imitation may be the sincerest form of flattery, but Washington's sincerest form of admiration is noting one's own most cherished qualities in others. By this measure, our speaker today has the admiration of a remarkably broad spectrum of powerful individuals.

An academic from his district told me he was a huge fan, praising Chairman Berman as extremely thoughtful and very cerebral. The Almanac of American Politics describes him as one of the most creative members of the House, and one of the most clear-sighted operators in American politics.

The array of people who genuinely described him as a good friend covers all parts of the political spectrum and he has made significant legislative contributions in areas ranging from foreign policy to global health to immigration to intellectual property to trade.

Chairman Berman, who represents parts of the San Fernando Valley and other areas north of Los Angeles, has been a public servant for almost 40 years. After graduating UCLA law school and working for five years as a labor lawyer, he was elected to the California state assembly in 1973. In 1974, he became the youngest majority leader in the history of that body, demonstrating the quiet but penetrating political acumen that has characterized his career.

He's been a member of Congress since 1982, serving on the foreign affairs committee, which he's chaired since 2008, and the judiciary committee. His time in the House has been a time of significant achievements. He authored amendments that reinvigorated the False Claims Act, a piece of Civil War legislation that now protects and incentivizes whistleblowers who detect contractors defrauding the government. Those efforts have saved the United States government billions of dollars.

He's been a consistent innovator on immigration and created the idea of a lottery that allows 20,000 people a year to immigrate to the United States not based on their family ties or their professional skills but only their burning desire for a better life.

He's been a consistent voice on foreign affairs not only to strengthen the U.S.-Israel relationship, but taking important positions on India, Pakistan, Sudan and other issues.

What gathers us today is his leading role on Iran. This past spring, he led legislative efforts to tighten the U.S. sanctions on Iran, with measures signed into law in July that denied

banking access to Iran's Islamic Revolutionary Guard Corps, and inhibit investments in trade in Iran's energy sector.

Through his hard work, fierce intellect and quiet efficiency, Chairman Berman has won the admiration of many in government. As one Californian active in politics said, "He's the conscience and the dad of the California delegation."

In this era of term limits and turnover, Howard Berman is the constant. He has vast institutional knowledge of issues in both Congress and the legislature that is rare these days. It's rare indeed. And that's why it's my special pleasure to introduce you to Rep. Howard Berman. (Applause.)

REP. HOWARD L. BERMAN (D-CA): Well, that was quite an introduction. Thank you. As I looked around the room and saw some of my friends on the Defense Contractor Committee, I was wishing you hadn't mentioned my role in the False Claims Act legislation. (Laughter.) But never mind.

It's great to be here, Jon, and thank you very much. It's an honor to speak to the CSIS Middle East Program Gulf Roundtable. I've wanted to do it for a number of reasons. One, a long-time – sometimes less frequently than at other times, but since I really first came to Congress, a long relationship with CSIS. Used to have these great conferences I was invited to in Williamsburg, and I think they became violations of ethics rules or something, but they were wonderful.

MR. ALTERMAN: I didn't mention your long service on the ethics committee either.

REP. BERMAN: Well, when I did it, it was by definition ethical. (Laughter.) And went to China with a CSIS group back in the late 1990s. I have great regard for the leader, John Hamre; the program.

And a special appeal was that this particular roundtable is sponsored by the UAE. I've come to have a chance over the last few years since I became chairman to work with the ambassador from UAE, who's here today with us. Whenever I think that there are – that there's something inherently – always going to be conflict in the Middle East and nothing can ever happen, I meet someone like that and think there's another way. So I'm honored to be part of his lecture – the UAE's lecture series in this case.

I do want to mention just two staff people who are with me. I have a really excellent staff. My counsel to our committee, Shanna Winters is around – oh, back there, tending bar. (Laughter.) And Robert Marcus over there works with Alan Makovsky on my Middle East issues.

Another reason I wanted to come is you asked me to talk about Iran, and I've become sort of obsessed with that subject. The CSIS Gulf Roundtable seeks to build a greater understanding of the complexities of the Gulf region. As we all know, the Gulf is not lacking in such complexities. For example, U.S. combat operations in Iraq have officially ended, but Iraq is

struggling to form a government and build a stable nation-state in a land with a diverse population and a long and contentious history.

Saudi Arabia, which possesses much of the world's known petroleum reserves and is often accused of turning a blind eye to terrorist-financing by wealthy Saudis, is led by an 86-year-old monarch, and its future is clouded by a lack of clarity about succession in the next generation of the royal family.

Qatar is blessed with massive natural gas resources, which it has turned into incredible wealth. It is home to the U.S. 5th Fleet, but it also shares a defense cooperation agreement with Iran and maintains strong ties to Hamas.

The small island kingdom of Bahrain struggles with a mixed Sunni-Shia population and an aggressive Iranian neighbor.

Yet despite all of these challenges, there is one Gulf country – Iran – that presents, by far, the greatest challenge and threat to the Gulf, Israel, the United States and the international community.

Preventing Iran from acquiring a nuclear-weapons capability is an absolute necessity for our national interest. As chairman of the House Foreign Affairs Committee, I've made that my number-one priority.

Iran reportedly now has enough low-enriched uranium to create one to two nuclear weapons, and is perhaps only about one year away from perfecting the necessary technology to build and detonate a functional bomb. With such a capability, Iran would be virtually impervious to U.S. and Western diplomatic pressure, and accordingly could pursue its human-rights abuses at home and its terrorism abroad with near impunity.

Iran's terrorist partners in Iraq as well as Hezbollah in Lebanon and Hamas in Gaza and the West Bank would be emboldened. Intimidated Arab regimes in Iran's neighborhood would make political accommodation with the new nuclear power in order to ensure their survival. For example, they could succumb to Iranian pressure to reject or rescind U.S. basing rights.

An Iran armed with nuclear weapons would have greatly increased leverage inside OPEC to cut back oil production, which could lead to massive increases in the price of oil. And it would provoke its larger neighbors to pursue their own nuclear weapons program, which would effectively destroy the global nonproliferation regime.

In worst-case scenarios, Iran might share its nuclear arms or technology with terrorists, or it may even use its arms as an offensive weapon. That last possibility can't be totally dismissed, especially in the case of a regime that is so ideologically driven and has so little regard for human life that it sent thousands of its own children to their deaths as human minesweepers during the Iran-Iraq war.

Israelis justifiably fear for their future if Iran becomes nuclear-weapons capable. We need a solution to this problem and it's important that it be a peaceful solution.

I strongly supported President Obama's diplomatic outreach to Iran last year. Unfortunately Iran did not reciprocate. Its recalcitrance, like the discovery of the secret enrichment facility underway at Qom, merely deepened international suspicion of its intentions.

Under these circumstances, we had no choice but to pursue hardnosed sanctions. The other two options – strikes against Iran's nuclear installations, or even worse, accepting Iran as a nuclear weapons state – are far more risky, with potentially dire consequences to U.S. regional and international security and stability.

The comprehensive Iran Sanctions Accountability and Divestment Act of 2010, which passed both houses of Congress overwhelmingly and was signed into law by President Obama on July 1st, is an important contribution to the international effort to ratchet up pressure on the Iranian regime.

Through a variety of measures it aims to force foreign companies and banks to choose between the U.S. market and the Iranian market. It specifically takes aim at foreign businesses and financial institutions that provide financial service to Iranian entities, including the Islamic Revolutionary Guard Corps that are involved in terrorism or weapons of mass destruction.

Additionally, our legislation targets foreign companies that sell Iran refined petroleum, or that assist Iran in developing or maintaining its own domestic refining capacity. Likewise, it sanctions foreign companies that sell Iran's goods or services that help it to develop its energy sector. It also provides a legal framework by which U.S. states, local governments and certain other investors can divest their portfolios of foreign companies involved in Iran's energy sector, and establishes a mechanism to address concerns about diversion of sensitive technologies to Iran through other countries.

We introduced this bill in April of 2009. We were under great pressure to pass it immediately. But my colleagues and I deferred action until the Obama administration had sufficient time to pursue its policy of engagement, and then to get greater buy-in for tougher multilateral sanctions, as reflected in U.N. Security Council Resolution 1929.

By deferring action until the Security Council had acted, our bill has been met with significant international acceptance. One important result of that is that the European Union, long the source of so much of Iran's energy-related technology, now stands fully united with us in the sanctions effort, a very far cry from the situation when the original Iran-Libya Sanctions Act was passed in 1996.

In fact, the European Union and others, including Canada, Australia, Norway, Japan and South Korea, have now imposed their own sanctions. Virtually every Western energy company has now agreed to cease sales of refined petroleum to Iran, and to refrain from new investments in Iran's energy sector.

Following the passage of international and U.S. sanctions, most banks in the United Arab Emirates, an important trading partner with Iran, stopped money transfers to Iran. Press reports indicate that sanctions have cut in half Iranian trade with Dubai, long a critical re-export center for Iran.

South Korean sanctions have suspended the operations of the Iranian Bank Mellat branch in Seoul. Bank Mellat is a known facilitator of Iran's proliferation activities, and South Korea is Iran's fourth-largest trading partner, so the impact on Iran is likely to be significant. Based on our discussion with the Korean government, Bank Mellat's operations in that country have effectively been shut down for good.

Japan recently – they've recently announced sanctions that target Iranian entities and individuals of proliferation concern, including Iranian banks, the Islamic Revolutionary Guard Corps and the Iranian shipping lines. These sanctions, along with the prohibition on the transfer of proliferation-sensitive, dual-use items to Iran and on new investment or sale of goods, services and technology to Iran's energy sector, will deepen Iran's isolation from the international financial, industrial and energy sectors. Japan, like Korea and the UAE, is a major trading partner with Iran.

I recognize the significant step these countries are taking with their actions. In some cases, powerful local business interests have fought tooth and nail against these actions, and I applaud their determination and courage.

I hope other nations that are involved in the Iranian economy soon choose to make the same sacrifices for the greater good and safety of the international community. In the end, everyone's interests are served by preventing Iran from achieving a nuclear weapons capability.

If the U.S., the U.N., the EU and other sanctions against Iran are properly enforced, Iran will now essentially be unable to purchase vital parts for its refineries, other than through the black market, as some of the necessary equipment is available only from Western firms.

We have seen numerous reports that Iran is starting to feel the squeeze. Treasury Under Secretary Stuart Levey went into some detail about this in his CSIS speech yesterday. Nevertheless, it is still early and no definitive conclusions can be drawn yet about the impact sanctions may have on Iranian government decision-making.

The Obama administration appears serious about pursuing sanctions. Secretary Clinton has appointed – in fact, I should say they are serious about pursuing sanctions. Secretary Clinton has appointed a talented policymaker, Ambassador Robert Einhorn, to head the sanctions effort in the State Department and he has already assembled an impressive staff.

In fact, is he CSIS?

MR. ALTERMAN: He's CSIS, yes.

REP. BERMAN: So you know he's talented. (Laughter.) At Treasury, Under Secretary Stuart Levey continues his highly effective work in unmasking Iranian individuals and financial institutions involved in terrorism and weapons of mass destruction, and warning the rest of the world's financial institutions about them.

Earlier this month the Treasury Department designated for sanction the German bank EIH, which is one of the few remaining European banks actively facilitating business with Iranian banks. Treasury's action will isolate EIH from the U.S. financial system.

As the international community begins to implement sanctions, it may be that China, Russia and others relying on a strictly literal interpretation of the U.N. Security Council Resolution 1929, may step up sales of refined petroleum to Iran, and otherwise try to move into areas of the Iranian energy market vacated by others. Indeed, several Chinese companies already appear to be engaged in sanctionable activities.

We need to redouble our efforts to convince China and others that a nuclear-armed Iran is a threat not only to the physical security of the region but also the stability of energy markets. I think it's fair to say that in the lead-up to all of this both Saudi Arabia and the UAE made direct efforts to persuade China of that fact.

Congress will remain deeply engaged on this issue. I have established a congressional monitoring group that will closely follow sanctions-related developments and meet regularly with administration and foreign officials. We're fully committed to making sanctions work.

My goal, however, isn't just to squeeze Iran's economy to make them suffer or to punish them. My goal is to try and create a dynamic to change Iran's mind. We want the Iranian leadership to conclude that its uranium enrichment program and other nuclear weapons-related efforts simply aren't worth the cost. I believe sanctions are our most viable, effective and peaceful means of achieving that goal.

If, as many believe, it turns out that Iran is committed to its nuclear arms programs at any cost, then we will have to consider the implications of that further down the line.

With that, I think I'll stop talking. I don't know if there's room in the schedule –

MR. ALTERMAN: There's room in our schedule, sir, and I think we'd be delighted if you have a few moments to take some questions. We have some handheld mikes.

REP. BERMAN: Let's see. Oh. I actually have talked so long, but I have a little time.

MR. ALTERMAN: So in light of the chairman's constraints, please identify yourself; ask only one question. And as those of you who have been to my events before know, I have a pet peeve: Statements ending with, what do you think of my statement, aren't really questions. So please ask genuine questions the chairman can answer. The first question over here.

Q: Dan Dombey, Financial Times. You talked about how sanctions was the most peaceful and effective mode of putting pressure on Iran. How much time do you think sanctions have to succeed? And how important is it that the U.S. administration imposes sanctions on offending firms – something it's been very reluctant to do with past sets of sanctions?

REP. BERMAN: To say the least – first of all, just one quick – I guess it's a shout-out to the Financial Times. I hate to say it but they're a great source of information to me on what different companies are doing. (Laughter.) That's what – called "access to classified information" gets you. (Laughter.)

Secondly, I think it is – I think we're talking months, not years, and I think no one expected that a day after the U.N. acted and we acted and the others acted, Iran would be shouting uncle, or, let's come to the table. So I am not surprised that at this particular point there hasn't been any indication. But given what our goal is here, I think we – it's a matter of months.

I don't want to pinpoint it too much from now, that we have to start seeing this working before people lose faith in this. And a key part of making this effective is just what you alluded to in your question. A sanctions regime, which has already caused a lot of companies to terminate or to begin the extrication of their business relationships that I've discussed in my talk, a sanctions regime that doesn't led to sanctions will soon lose whatever deterrent effect it's had.

So it is essential that the investigations begin. And obviously, where companies choose to change the nature of their commercial relationships, that should be taken into consideration. But where they don't, sanctions should be imposed and not waived. I think the whole credibility of everything else, that's going on depends on people expecting that to happen.

MR. ALTERMAN: Sir, if I could ask a question.

REP. BERMAN: Sure.

MR. ALTERMAN: What is your sense of decision-process on the nuclear file in Iran? Is this an issue principally of Khamenei making a decision or making gestures? Are you seeking to influence the president? Are you seeking to influence a group of decision makers? When you took the actions, you intended them to have a desired effect on an audience. What is the Iranian audience for the sanctions?

REP. BERMAN: My assumption is, from everything I've been told to expect about Iran, that at the end of the day, different views and pressures are important, but ultimately it's the supreme leader that has to give the go-ahead. When he doesn't – as apparently was the case after that agreement in principle on last October 1st – things don't happen.

But the test for us isn't – is about specific things on the ground. It's about the suspension of enrichment. It's about allowing the IAEA inspectors to go to places that they are now denied access to. It's about a whole range of – and that's how we know whether that program is being suspended and ultimately terminated.

Q: Danny Sebright. Against the timeline that you mentioned to Iran possibly acquiring a weapon, if you were a thoughtful, prudent leader in the Middle East, you would be thinking ahead to what measures you would need to take, let's just say from a deterrent standpoint, to prepare yourself?

From your position on Capitol Hill, what would you support? What recommendations would you make to our friends and allies in the region of things that they should be doing, could do, that the Hill would be supportive of in the months and years ahead as they prepare for deterrence?

REP. BERMAN: Would a prudent and sensible congressman get into that? (Laughter.) In this venue?

I obviously – I mean, I acknowledge that I don't know whether this strategy is going to produce the result and that decisions may have to be made after that. I don't think it makes a lot of sense for me to go off and speculate on what those alternatives are. All I know is, any of the other alternatives have serious consequences, only some of which we can imagine. You've got to drill down on that, so to speak.

MR. ALTERMAN: Right here.

Q: Patrick Clawson from the Washington Institute for Near East Policy. You mentioned Iran's despicable human-rights record. Could you talk about what more the United States might do to speak out about human-rights violations in Iran and to support those working for democratic reform in Iran?

REP. BERMAN: Well, the legislation that I spoke in some detail about but never once touched on any of the provisions dealing with this, that legislation modifying the codified embargo on Iran to allow the export of certain equipment and technologies to the dissidents, to enhance their ability to communicate and have access and overcome efforts to snuff out their technology.

We separately on the other side of the coin imposed procurement sanctions on companies that are providing technology to the government to allow them to – that enhance their ability and facilitate their ability to suppress speech and communication, particularly in the digital world.

I think we have an obligation to talk about those issues. The only thing I guess I'd caution about because there are some in this town who I believe truly believe that the clock for change in Iran is on a fast enough – is moving fast enough to resolve the issue of this regime with nuclear weapons.

I start from a different premise that I – unfortunately, whatever I might wish, doesn't matter. I don't see that clock moving that fast. And so for me, my primary focus is on doing what we can to diminish the possibility that – and prevent the possibility that they have a nuclear weapon capability.

But we can't just turn our back on these people. It's not our nature and it's not our way, and we've tried to do things that are positive here. I know there are some criticisms about that. But I do think it's legitimate to go through a careful process of what can we say that can help and be useful, whether it's simply psychological in terms of the people who want a feeling that we're on their side, or in terms of the practical situation in Iran.

MR. ALTERMAN: We have time for one last question. Way in the back.

REP. BERMAN: Not you. My staff can't ask me a question.

Q: Yes, hi. Joyce Karam with Al-Hayat newspaper. I'd like to take you to Lebanon. I want to ask you about the aid for the Lebanese army that your committee has –

REP. BERMAN: After you've taken me there? (Laughter.)

Q: We could. Maybe after this. (Laughter.) But have you been discussing it with your – the Lebanese officials, defense ministers? Do you have any update on this? Do you plan to lift the hold?

REP. BERMAN: Perhaps as a result of the hold, the administration has done an interagency review about the program. They've completed that review and they just – and I want to know what that review concluded, what our goals are.

I didn't put on that hold in order to kill the program. I was curious – I was honestly puzzled about what we're seeking to gain from this assistance and how we square what we want to gain, a program which I was a strong supporter of when it originated back in the middle of this past decade, whether we're still able to achieve those goals.

So there's a process that we're coming to a head on. I'm not just going to sit there and leave it like this. And while I have not yet – I have some appointments on my calendar to talk, I have not yet talked with Lebanese officials. I believe I have spoken with every Lebanese American in this country – (laughter) – no. (Laughter.) Certainly, in my district.

MR. ALTERMAN: Speaking of your calendar, I'm told that your calendar has something coming up. I'm very grateful to you for spending the time with us, for honoring us. Thank you all for coming, and we look forward to seeing you again.

REP. BERMAN: Thanks a lot. (Applause.)

(END)