



Implementation of the Iran Nuclear Deal

Testimony as Delivered before a Joint Hearing of the Middle East and North Africa Subcommittee and the Terrorism, Nonproliferation, and Trade Subcommittee January 28, 2014

Amb. Mark Wallace, CEO of United Against Nuclear Iran:

Thank you Chairman [Ros-Lehtinen], and Chairman Poe, Ranking Member Sherman and Deutch and members of the joint subcommittee. Thank you for the opportunity to testify before you once again.

I'm honored to sit here on the panel with a group of distinguished and committed colleagues. It's a true honor.

We at UANI sincerely hope that a comprehensive and verifiable agreement that rolls back Iran's nuclear program is reached in six months. But the prospects appear small and we must confront the difficulties with candor and bipartisan debate.

The Joint Plan has provided disproportionate sanctions relief to Iran, allowed Iran to retain and continue to develop an advanced and dangerous nuclear program. Under the agreement, Tehran will not dismantle a single centrifuge or its heavy water reactor at Arak, the IR40. Today, Iran retains the ability to produce enough weapons grade uranium for a bomb in as little as two months and Iran has not indicated that it would end its development of the IR40.

At the same time, the sanctions architecture, developed over decades, has been significantly rolled back and enforcement has fallen to a trickle. What is the acceptable scope and size of Iran's enrichment program and will we permit Iran to operate the IR40?

If Iran truly only sought a peaceful nuclear energy program, there would be no need for any enrichment or a heavy water reactor. The international community seems to have forgotten that there are multiple U.N. security resolutions calling for Iran to suspend all enrichment. Regrettably, the Geneva Joint Plan declares that in any final accord, Iran will be permitted to enrich, and is at best vague regarding the future of the IR40.

Today you will hear a range of opinions on what an acceptable Iranian enrichment program would look like and the dangers of Iran's operation of the IR40. We should all agree that extending Iran's breakout time from its current 30 to 60 days to well beyond is the imperative.

But, does any serious person believe that Iran is prepared to dismantle between 15,000 and 19,000 centrifuges and forego the installation of far more efficient and advanced centrifuges? Clearly not. Sanctions have become so important to this matter. Unfortunately, the White House has described the sanctions relief provided in the agreement as economically insignificant. We disagree. Iran's economy is blossoming.

Some hard data: The rial has increased in value by more than 25 percent. The Tehran Stock Exchange has increased by nearly 100 percent. Dozens of multinational corporations are returning to Iran. Iran's oil exports have increased by nearly 60 percent. Iran's oil exports have risen to 1.2 million barrels per day from a low of 761,000 barrels per day.

Under the Joint Plan, Iran's oil exports will increase further. If oil sanctions had continued unaltered, Iran's oil sales would have continued to drop to as little as 500,000 barrels per day by the end of 2014. Importantly the administration has curtailed its enforcement efforts.

In 2013 [before Rouhani's June 14 election], the United States Treasury Department designated 183 entities for Iran sanctions violations. Since President Rouhani's election, the United States has blacklisted only 29 entities. The Obama administration must hold to its pledge to enforce sanctions. The White House estimates that Iran stands to receive \$6 billion to \$7 billion in sanctions relief. The true value of sanctions relief is well more than \$20 billion.

Just calculate the increase in oil sales lest there be any doubt.

Now, we believe there will be far less pressure for Iran to actually make material concessions on its nuclear program. The Congress must actively take part in this process and make its position known. We all must agree that Iran will not be permitted to retain an industrial-scale nuclear program.

This would entail capping the number of IR-1 centrifuges to a small fraction of its nearly 20,000 Iran currently possesses or more appropriately none at all. Iran must be kept well over a year away from breakout given its long history of duplicity and hostility.

UANI strongly supports efforts to impose sanctions on Iran in six months' time if no final accord is reached. The Congress should pass and the president should sign into law the Nuclear Weapons Free Iran Act, which has the support of a bipartisan majority.

It is wrong that the White House is characterizing those who support new sanctions or question the Joint Plan as dishonest warmongers.

History offers a disturbing precedent. In the 1990s we entered into a similar interim nuclear agreement with North Korea: The Agreed Framework. The Agreed Framework became the

proverbial can that was kicked down the road. No final agreement was ever struck and the DPRK surprised the world with a nuclear test.

This time Congress must make clear if there's no final agreement after the Joint Plan's initial six month term, that Congress will adopt more robust sanctions. We must learn the lessons of history, not repeat its mistakes.

Thank you, Madam Chairman for the opportunity.