With the dispute over Iran’s nuclear program coming to a head, our hearing today couldn’t be more timely.

Iran is threatening to break out of an agreement it reached with the foreign ministers of Britain, France, and Germany last November in which it committed to halt all uranium enrichment and reprocessing related activity.

Any break out by Iran must be met with a swift, firm, and united response by the United States and our European allies.

Just last week, Europe’s strong response to Iran’s latest threats to resume enrichment related activity caused Tehran to back away from the brink... for the time being.

Mr. Chairman, our diplomacy is facing a serious test.

We must urgently develop with our European allies a strategy that will penalize and isolate Iran should it choose to go down the nuclear path.

At the same time, we should agree on credible security and economic incentives for Iran should it verifiably abandon its quest for nuclear weapons.

The risks of miscalculation are high on all sides.

Iranians of all political stripes seem to share the desire for nuclear weapons capability, whatever their differences may be on domestic policy. Tehran may believe that Europe won’t follow through with penalties because of Iran’s geo-political weight, including its oil reserves.

Europe has consistently demanded that Iran give up a full nuclear fuel cycle, but it hasn’t said what it will do if Iran doesn’t.
For our part, it is not clear to me that we have our diplomatic ducks in a row. Should Iran be referred to the United Nations Security Council, have we done the spadework with our European partners, with Russia, with China to find common ground?

Unfortunately, the record of our diplomacy has been mixed in recent years.

The Bush Administration has vacillated between two very different approaches. At times it signaled support for regime change. At other times, it engaged in direct discussions with Tehran over Iraq and Afghanistan.

I was pleased that the President, after his visit to Europe in February, decided to explicitly support the EU-Three initiative.

This is a significant development. Previously, the Administration had simply thrown cold water on the EU effort.

There is no guarantee that the EU-Three effort will succeed. But by backing Europe, the President has made it more likely that a decision by Iran to break out will isolate Iran, not the United States.

So where do we go from here?

I believe we must urgently develop with Europe a more detailed game plan consisting of European sticks and American carrots.

Europe should be willing to support a gradually escalating set of sanctions if Iran breaks out of its obligations. The United States should be willing to offer specific economic and security incentives in exchange for a tough, verifiable agreement with Iran to give up enrichment and reprocessing.

The bottom line is this: neither the US nor Europe can succeed on their own. But we have a chance of dissuading Iran from taking a terrible step if we work together.

I am eager to hear from Secretary Burns on progress that has been made in forging a common approach with Europe and others.

I also want to get a sense of the Administration’s priorities. To me, the most clear and present challenge from Iran is its nuclear program, but it is far from the only challenge that Iran poses.

The world should lend greater support to the Iranian people’s desire for democracy and freedom. Three years ago, I called for an end to self-defeating restrictions that prevent US NGOs from directing aid to Iranians working for democracy.
Those restrictions inexplicably remain in place, even as the reform movement has been crushed before our eyes.

Iran’s support for terrorist groups that seek to undermine an Israeli-Palestinian peace is unacceptable and must be confronted.

Also, we are now Iran’s neighbor, with over 150,000 combined troops Iraq and Afghanistan.

And we are obviously directly affected when Iranian hardliners play an unhelpful role in these countries.

We will have to keep working at these other matters, even as we deal with the urgent issue of Iran’s nuclear program.

It is clear that we have our work cut out for us.

I look forward to the testimony.