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Opening Statement of the Honorable **Ed Royce (R-CA), Chairman**
House Foreign Affairs Committee Hearing:
“Terrorism, Missiles and Corruption: The Risks of Economic
Engagement with Iran”
May 12, 2016

(As prepared for delivery)

When the Obama Administration was strong-arming Senate Democrats to save its Iran deal, many promises were made. Central to the White House storyline was the President’s claim that sanctions on Iran for terrorism, human rights and ballistic missiles “will continue to be fully enforced.”

As many will recall, Treasury Secretary Lew said unequivocally that “Iranian banks will not be able to clear U.S. dollars through New York, hold correspondent account relationships with U.S. financial institution, or enter into financing arrangements with U.S. banks.” He testified – and I quote – “Iran, in other words, will continue to be denied access to the world’s largest financial and commercial market.”

But unfortunately, the Administration’s words have not matched its actions. The Administration has meekly responded to Iran’s provocative acts – thanks in part to the weak U.N. Security Council language it agreed to on ballistic missiles. And just one Iranian has been sanctioned for human rights abuses since negotiations began. One.

Indeed, last month, a top Treasury official publically proclaimed that non-nuclear sanctions would undermine the Iran agreement. That’s the opposite of what this Committee was told. If Iran objects, the Administration bends over backwards to accommodate. Effectively, the Supreme Leader now holds the veto pen over future Congressional action.

Iran will keep pushing until the Obama administration stops rolling over. Congressional pressure may have knocked the Administration off their plans – for now - to allow Iran access to the US dollar, the world’s top currency. But the administration refuses to rule out a future move. And in the meantime, it is actively working other angles to push new investments into the Iranian economy.

Secretary Kerry is in Europe this week taking the odd step of reassuring foreign firms that Iran is “open for business.” Other Administration officials go so far as to say that Iranian economic growth is in our national security interest. That’s a tough case to make when you consider that Iran’s Islamic Revolutionary Guard Corps has been labelled Iran’s “most powerful economic actor” by the U.S. Treasury Department. That is the terrorist IRGC.

The reality though is that Administration pep talks to international companies to spur investment in Tehran will be viewed skeptically. For investment is like a rope. It can’t be pushed into a country that is corrupt, holds international businessmen hostage and launches missiles marked “Israel must be wiped out.” Rather it is pulled into countries that are transparent, respect contracts and don’t threaten their

neighbors. Banks want maximum certainty. And that just won't be found in a country that ranks 130 of 168 on Transparency International's corruption index.

And as we will hear today, a CEO's understanding of their company's reputational risk is more powerful than any sanction Congress could write. An international banker doesn't want to end up on the wrong side of a transaction which unwittingly funnels money to Iran's ballistic missile program. And the designation of the entire territory of Iran as a "primary money laundering concern" means just that - any financial transaction with Iran risks supporting the regime's ongoing illicit activities.

Many of the restrictions left on Iran are intended to protect our financial markets from such abuse. The international organization charged with countering money laundering worldwide declared this year that it is "exceptionally concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system."

That is why my legislation to prohibit the Administration from allowing the U.S. dollar to be used to facilitate trade transactions with Iran and which upholds Iran's designation as a "primary money laundering concern" is so key.

Iran is still the world's leading state sponsor of terrorism. Until it stops funding terror, and illicit weapons programs, it should be treated like the global menace that it is.