

Sen. Jon Kyl (R-AZ)

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Senator Jon Kyl (R-AZ): Thank you very much, Paul, and thank you, ladies and gentlemen. All of you have come here this evening for a serious discussion. So allow me to get right to it.

President Obama has said -- and I emphatically agree -- that an Iranian nuclear weapons capability is unacceptable. I would like to spend most of my time this evening discussing how we should deal with that threat.

But first I'd like to mention three related matters: one, the denigration in the mainstream culture of the U.S.-Israel relationship as the work of the Jewish lobby; second, continued misdirection on the relationship between Israel and the Palestinian people; and third, the rapidly deteriorating situation in Pakistan. Experts predict this nation with 100 nuclear weapons could fall to the Taliban within six months.

First, some who oppose the U.S.-Israel relationship seek to undermine the work of organizations like AIPAC, describing it as a narrow, self-interested, ethnic lobby which they refer to as "the Jewish lobby." As I look around this room tonight, I see Americans from many walks of life, ethnic and religious backgrounds, and political beliefs who have come together year after year because we believe in something important and special.

We believe in the U.S.-Israel partnership based on our shared values: freedom, democratic governance, respect for human rights, respect for freedom of conscience, and the right to defend these values. You must pursue this work so Americans and Israelis alike will continue to appreciate, strengthen, and protect this relationship for the next 60 years and beyond.

Second, now that the elections have produced new governments in the United States and Israel people are asking what the changes mean for Arab-Israeli peace and U.S.-Israel relations. Those questions in my mind miss the essential point. The key to Arab-Israeli peace -- and Palestinian-Israeli peace in particular -- is not about the new Israeli or American governments; rather, the key to peace is new political leadership for the Palestinians.

Past efforts have failed because they were built on a foundation of sand, relying on Palestinian leadership that was corrupt, that oppressed its own people and that was openly hostile to Israel. I believe Israel and the United States should support the cultivation of new Palestinian leadership, as well as the hard work of economic development and building of the basic institutions of any free state. This foundation includes a respected police force and a system of rule of law.

Now, we outsiders cannot pick Palestinian leaders. But the world is funneling billions of dollars into Palestinian Authority territories and that gives the donors some influence to insist on leaders

who can constructively lead. This may not be the standard way to think about Arab-Israeli peacemaking, but it is I believe the most sensible and most promising.

Third, Pakistan. Recent news accounts confirm my personal observations last month that the Taliban are strengthening their control of important parts of Pakistan and that the government, the army, and the police seem almost powerless to stop them. The administration's plan to provide aid and counter-insurgency training for police and the army must take on a new urgency. If Pakistan's nuclear weapons and delivery systems come into the hands of militant Islamists, Israel, India, and other nations may face a nuclear threat even before Iran acquires nuclear capability. We must quickly develop and implement plans to ensure that this does not happen.

Finally, Iran. Last month, as part of an annual trip I organize under the aegis of the U.S.-Israel parliamentary exchange, I visited with leaders in Israel's new government. Prime Minister Netanyahu was clear and compelling in putting Iran at the top of the agenda. In addition to the direct threat to Israel, he warned that an Iranian bomb could trigger nuclear weapons proliferation among other states in the region, making this the problem of every peace-loving state. Already some neighbors appear to be hedging their bets against the possibility that Iran will not be stopped. The prime minister asked, what will you do to stop it? What will you do?

There are four general ways to handle the problem of Iran's nuclear weapons program. One is to destroy Iranian facilities by military force; this is no one's first choice. Another is to encourage the Iranians to replace their unpopular clerical regime in Tehran with a government that's peaceable and reasonable.

The third, and I believe the most promising option, is to try to influence Iran's leaders to change their pursuit of nuclear weapons through the strategic use of key leverage points, primarily hard-hitting economic pressure on the government and its leaders.

Finally, there is the path the administration has chosen, the path of direct negotiations with Iran. This is similar to the diplomatic track pursued by our European allies for the last five years. But it seems to me it will now have to have a short and hard end date, otherwise we could be drawn into protracted negotiation, which could give Iran the time it needs to complete its work.

After it's announced that it has 7,000 centrifuges, enough low-enriched uranium for one bomb, and a rocket capable of launching a satellite into orbit, it's hard to imagine Iran being convinced to change its plans. I don't know what we could give to Iran that it wants more than it wants a military nuclear capability. If this direct engagement fails to produce positive results, say, by this summer, what will we do? To quote the prime minister, "What will you do?"

Will you demand that your government finally use all of the economic sanctions at its disposal to raise the costs on Iran's leaders? Will you demand that your government move ahead outside of the U.N. Security Council if it continues to receive nothing but obstruction from Russia and China? Will you make sure your government moves forward on its own if even our European partners will not agree to do all that is necessary to change the cost-benefit analysis for the Iranian leaders?

One example of what we could do even by ourselves was suggested by the president during the last campaign. Iran relies on oil exports for 80 percent of its economic activity and it also relies on imports of refined petroleum products like gasoline and diesel for as much as 40 percent of its needs. We can use this reliance to change the calculus for Iran's leaders.

To that end my colleagues Evan Bayh, Joe Lieberman and I have introduced legislation with almost a third of the Senate as co-sponsors, and with your help, by the end of this week 100 percent of our Senate co-sponsors. This legislation would amend current law to make subject to sanction the act of selling and shipping refined petroleum products to Iran, as well as providing goods and services that enhance Iran's refineries.

The U.S. could punish any company, foreign or domestic, engaging in this conduct by having its financial activity barred from the United States banking system. And barring it -- and barring it from any transaction involving any property in the United States, effectively prohibiting access to the United States economy.

I'm pleased that this legislation, Senate bill 908, is the top priority of this conference.

And I'm also pleased that the Senate recently went on record in support of an amendment that Senator Joe Lieberman and I offered on the budget resolution to declare the Senate's position that companies providing support to Iran's economy sector -- energy sector, rather -- should not receive U.S. taxpayer support, whether to firms like the Indian firm Reliance in the form of loan guarantees from the export/import bank, or contracts to companies like Switzerland's Vitol that sells to our strategic petroleum reserve.

Surely there can be no question that taxpayers should not be supporting companies that are supporting Iran. We should be able to use our leverage to give companies a choice. Do you want to do business with America's \$13 trillion economy or Iran's \$250 billion economy? You must choose.

Still the question remains, what will you do? Introducing legislation is one thing, but if by this summer all that has come of engagement with Iran is that it's further advanced its missile technology, it's built more centrifuges, stockpiled more uranium, what will you do? Will you make sure the Bayh-Lieberman-Kyl bill is promptly passed and signed into law? Will you then work to make sure that the administration uses it and the vast array of other powers that are sitting on the books, some never having been used? Will you make sure your government finally turns up the heat as high as it can, even if we have to do it alone?

If we come to the point where it's clear that there is no more time and we haven't used every option at our disposal, what will you do?

The issues we've been considering could not be more daunting, and yet at the end I end on a note of hope because there is tremendous power in this room, power for good. Many people ask how AIPAC is so successful in doing what it does. Look around this room and you'll understand the success of AIPAC. It is you, the committed members who contribute your time, your talent and your resources to educate your members of Congress. You have made a difference. And I can

think of no time in my public service where your commitment has been more important than it is today. Don't let up. As Theodore Roosevelt put it, "This is work worth doing." Thank you.