COALITION FOR EMPLOYMENT THROUGH EXPORTS
NATIONAL FOREIGN TRADE COUNCIL
USA ENGAGE

June 22, 2009

The Honorable David Obey, Chairman
Committee on Appropriations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As the committee prepares to mark up the FY 2010 State, Foreign Operations Appropriations bill, we write to register our deep concern about proposed amendments that would prohibit the Export-Import Bank from supporting U.S. exports to companies worldwide that may have business relations with Iran's energy sector. Such proposals amount to a unilateral secondary boycott, which the United States has long opposed when other governments have tried to stop American firms from dealing with Israel.

While it is understandable that Members of Congress seek new points of leverage against the Iranian regime, we believe that any unilateral U.S. sanction applied to companies around the world because they are doing business, legally under their national laws, with Iran's energy sector would only harm U.S. exporters and their workers and would jeopardize the U.S. government's ongoing effort to build more effective multilateral pressure on the Iranian government.

If the Congress were to cut off Ex-Im Bank support for U.S. export sales to these worldwide companies, billions of dollars in U.S. exports would be stopped and the consequent job loss would fall on American workers.

In our view, there would be little, if any, impact of unilateral U.S. sanctions on the flow of transactions with and investment in Iran's energy sector. It is important to note that Iran has the world's third-largest oil reserves and second-largest natural gas reserves, according to the latest U.S. Energy Information Administration report. The EIA report cites Iran as the world's second largest crude oil producer and fourth largest oil exporter. Iran also is the world's fourth largest natural gas producer and will become a major gas and LNG exporter.

As a result, many companies worldwide are active in Iran's energy sector with their governments' encouragement, including: China, Japan, Russia, India, Pakistan, Turkey, Italy, Britain, France, Germany, Norway and Switzerland. According to EIA, five large multinational energy companies are providing Iran with gasoline while Iran's refinery capacity is restricted.

Moreover, any U.S. sanction on companies that do business with Iran's energy sector certainly would negatively affect current U.S. government efforts to build support for multilateral pressure on Iran's government. For example, all of the other governments in the Security Council-supported "P5+1" group have companies involved in Iran's energy sector. It would be counterproductive for the Congress to impose sanctions on the same countries whose governments are playing lead roles in seeking negotiations with the Iranian government.

We support the efforts now under way by the U.S. government to devise an effective approach to the threats posed by Iran's nuclear weapon and missile programs. We believe the Appropriations Committee should refrain from including any provision in the State, Foreign Operations Appropriations bill that would undercut our government's diplomatic initiative and would penalize American exporters and their workers.

Sincerely,

Edmund B. Rice
President
Coalition for Employment through Exports

William A. Reinsch
President, National Foreign Trade Council &
Co-Chair USA*Engage