

USA ENGAGE

October 26, 2009

The Honorable Gary L. Ackerman
U.S. House of Representatives
2243 Rayburn House Office Building
Washington, DC 20515-3205

Dear Congressman Ackerman:

The urgent and appropriate focus of the Administration's strategy with respect to the Islamic Republic of Iran is nuclear nonproliferation in the context of Middle East realities. USA*ENGAGE supports the Administration's commitment to build a multilateral negotiating consensus to engage Iran's decision-makers to forego the acquisition of nuclear weapons. It may be that unprecedented, multilateral, economic sanctions on Iran become part of that engagement. It is critical that the sanctions be conceived and implemented so that they have the greatest chance of producing their desired effect.

For thirty years, unilateral economic sanctions have been the principal instruments of U.S. policy towards the Islamic Republic of Iran. Unsurprisingly, the iron law of unintended consequences has characterized that policy. The sanctions have empowered and enriched the ruling regime, stifled ordinary engagement between citizens of the two countries, benefited American companies' foreign competitors, and provided third countries opportunities for geopolitical game-playing at the expense of U.S. national interests. The record speaks for itself.

In working with allies, the Administration can avoid these past mistakes. Nonetheless, members of Congress appear set to legislate yet more unilateral sanctions upon Iran - this time by targeting foreign companies in any way connected with the importation of refined petroleum product into Iran. Since Iran currently relies on imported petroleum products to satisfy its highly-subsidized gasoline consumption, proponents of H.R. 2194 and S. 908 assert that unilateral sanctions will deal a "crippling blow" to the Iranian regime. The facts on the ground, however, strongly suggest the opposite.

Iran has had an established and effective "smart card" gasoline rationing system in place for several years. The regime therefore can reduce existing quotas of subsidized gasoline - subsidies that make up a large part of the government's annual budget - and move the system to market prices, to the degree that sanctions actually restrict supplies. Moreover, in three years, expansions underway in Iran's refining sector will eliminate Iran's need to import petroleum products. The fact is sanctions on petroleum products could save the regime billions of dollars and accomplish what domestic politics have thus far prevented.


Should the regime wish to circumvent the sanctions, Iran's geography and the highly adaptive nature of the global petroleum market will enable it to do so, further tightening the regime's control over the domestic economy. Some proponents of sanctions acknowledge this fact, when they call for a naval blockade - an act of war - to enforce the sanctions. One can only conclude, given the certain ineffectiveness of the proposed legislation - that the sanctions are understood to be but a "check the box" prior to U.S. military action. Yet, Secretary of Defense Robert Gates has stated publicly that military action would not stop Iran from acquiring nuclear weapons.

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The President has the authority to commit the U.S. to whatever array of multilateral sanctions are deemed most able to influence Iran's decision makers. USA*ENGAGE urges Congress to pass a bipartisan resolution reaffirming the President's authority to develop a multilateral strategy, based on engagement, best suited to attain actual U.S. national interests and to oppose H.R. 2194, S. 908, and similar bills.

Sincerely,

A handwritten signature in black ink that reads "Richard Sawaya". The signature is written in a cursive, flowing style.

Richard N. Sawaya
Director, USA* Engage