

MEMMO

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U.S. Must Do More to Prevent Nuclear-Armed Iran

Iran poses a growing threat to the United States and our allies as it continues rapidly advancing toward a nuclear weapons capability. Sanctions are having an impact on Iran, but more needs to be done now to persuade Tehran to change course. The United States should fully utilize available economic, political, and diplomatic tools—including sanctioning Iran’s Central Bank and foreign companies investing in Iran’s oil sector. The United States should also lead an international effort to curtail Iran’s ability to import refined petroleum products.

Iran’s continued development of a nuclear weapons capability represents a threat to the United States and the international community.

- Iran is rapidly moving toward a nuclear weapons capability, aggressively pursuing a uranium enrichment program that could give the regime the ability to produce a nuclear weapon as soon as the end of next year.
- A nuclear-armed Iran would pose a direct threat to U.S. national security interests, and fundamentally alter the strategic balance of the Middle East.
- Iran already can deploy a sizable force of increasingly sophisticated Shihab missiles that can hit Israel, U.S. forces in the region and America’s allies in Europe. During the next decade, Iran also may acquire intercontinental ballistic missiles capable of striking the United States itself.
- Possessing nuclear weapons would embolden the fundamentalist regime in Tehran to carry out its radical foreign policy agenda and further support for its terrorist allies.
- Iran’s acquisition of nuclear weapons would likely touch off a regional nuclear arms race among Middle Eastern countries, many of which already have expressed new interest in “peaceful” nuclear programs. This could well mark the death knell of the global non-proliferation regime, and make the world a much more dangerous place.



Iran continues to expand its uranium enrichment efforts at its Natanz nuclear facility.

U.S. and international sanctions on Iran's energy and banking sectors are having an impact.

- Unilateral U.S. sanctions have been successful in limiting Iran's access to the international financial system, making trade and investment with Tehran more costly and time consuming.
- The threat of U.S. sanctions on firms doing business in Iran's energy sector, combined with the possibility of increased U.N. sanctions, has caused many foreign firms to postpone implementation of oil and gas agreements with Iran or to back away from potential new energy deals with Tehran.
- As inflation has skyrocketed, a number of influential Iranian politicians have criticized Iranian President Mahmoud Ahmadinejad's mismanagement of the economy. Pressure from within Iran's ruling elite has been mounting on Iranian Supreme Leader Khamenei to rein in Ahmadinejad.

The United States should sanction the Central Bank of Iran and any foreign company conducting business with Iranian entities under U.S. sanction.

- The United States should sanction the Central Bank of Iran for its involvement in the funding of terrorism and the financing of Iran's proliferation activities.
- Sanctioning the Central Bank—Iran's principal remaining link to the international banking system—would force most banks around the world from doing business with it, thus crippling what remains of Iran's ability to do international business through banks.
- The United States also should use existing authority to sanction foreign entities that continue to do business with the Iranian Islamic Revolutionary Guard Corps and Iranian banks as a way to further isolate the regime from the international financial system.
- The United States should not implement a nuclear cooperation agreement with Russia until Moscow consistently demonstrates its opposition to Iran's efforts to achieve a nuclear weapons capability, including restricting Russian banks and energy companies from doing business in Iran.

The United States should ratchet up pressure on Iran's energy sector, the lifeblood of its economy.

- The United States should impose sanctions on companies that have invested more than \$20 million in Iran's energy sector in violation of the Iran Sanctions Act (ISA), originally passed in 1996.
- Implementing existing sanctions would severely hamper Iran's ability to attract the foreign investment desperately needed to modernize its aging energy infrastructure.
- The United States also should lead an international campaign to prohibit the export to Iran of all refined petroleum products.
- Despite possessing some of the largest oil reserves in the world, Iran has been forced to import 40 percent of its refined petroleum—gasoline and diesel fuel—because it lacks sufficient refining capability. The high cost of importing gasoline, combined with large price subsidies given to Iranian citizens, has forced Iran to ration gasoline.
- Limiting Iran's ability to import gasoline would have an immediate and severe impact on Iran's economy, and dramatically increase pressure on the regime to change course.