AIPAC SYNAGOGUE INITIATIVE Middle East Spotlight

Divesting from Danger

Companies invested in Iran's oil and natural gas sector, which accounts for 80 percent of the country's hard currency, provide the cash needed by Iran to fund its nuclear weapons pursuit and support for terrorism.

As such, the international community must continue to use every diplomatic, economic and political tool to put pressure on this sector in order to convince Iran to halt its nuclear program. While the United States and U.N. Security Council have imposed increasingly tough sanctions on Iran, state-level campaigns to divest public pension plans from companies investing in Iran's oil and natural gas sector provide another means to pressure the regime.

Despite the fact that U.S. companies have been barred by Executive Order from directly investing in Iran since 1996, American citizens (including state pension managers) have found a loophole: buying stocks of foreign companies invested in Iran that are not covered by the order.

Investing in such companies helps fund Tehran's nuclear weapons program and poses a major risk to shareholders. In fact, the Securities and Exchange Commission determined that companies with business operations in terrorist-sponsoring states are exposed to a special risk category due to the financial risk associated with damage to the corporation's share value and reputation from their business ties to such states. Divesting from these companies would reduce the risk to American shareholders while sending a strong signal to Iran that American states will not provide funds to help Iran advance its dangerous agenda.

State divestment legislation partially closes the aforementioned loophole by prohibiting public pension funds from investing in some foreign companies that do business in Iran's oil and gas sector. Such efforts could ultimately drive other shareholders, and the executives of those firms, to reevaluate their investments and take them elsewhere.

Iran is already faced with growing difficulties: diminishing foreign investments, declining oil production, rising domestic energy consumption, international isolation, domestic economic instability and political unease. Divestment from Iran would pose further problems for the regime and could pressure it to halt its nuclear activities.

To date, at least 19 states plus the District of Columbia have either passed legislation or adopted policies requiring state pension funds to divest from companies investing in Iran's energy sector.

To help ensure that your state's investments are not being used by Iran to support terrorism or fund its nuclear program, visit www.aipac.org/TakeAction.