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March 26, 2009

Hon. Hillary Rodham Clinton
Secretary of State
United States Department of State
2201 C Street NW
Washington, DC 20520

Dear Madam Secretary:

Two years ago I wrote to your predecessor, Secretary Rice, about the implementation of the Iran Sanctions Act (ISA), which was authorized by Congress in 2006. At the time it was hoped that this legislation – which updated and expanded the sanctions regime available in response to Iran’s nuclear program – would be utilized by the Bush Administration to signal that international investment in Iran’s energy sector represents implicit support for Iranian nuclear ambitions. Unfortunately, the Bush Administration did not implement ISA in any meaningful way and missed an opportunity to send that message. I am hopeful that you and President Obama will reconsider that decision.

The Administration’s efforts to persuade the Iranian regime to abandon its uranium enrichment program are absolutely critical to America’s national security. In that context, President Obama’s decision to offer direct bilateral engagement with Iran presents serious risks if there is no credible backup plan.

Iran’s leaders need to be credibly persuaded that they risk complete economic isolation if the President’s outreach is not successful. Because this regime relies heavily on foreign investment to extract energy resources and refine them before exporting them abroad, the development of a system of comprehensive multilateral sanctions against its energy sector is the only way of demonstrating those consequences. Unfortunately the United States – which has maintained a strong unilateral sanctions regime against Iran for decades – cannot provide this economic leverage alone.

It is disturbing that that a substantial number of foreign-owned firms have submitted proposals or are actively investing in the Iranian energy sector, including companies headquartered in many of the very international partners we are relying on to help pressure Iran. These include firms in France, Italy, Norway, Sweden, Austria, Australia, South Korea, Thailand, India, and even the United Kingdom. Leaving aside companies headquartered in lukewarm partners like China and Russia, it is unacceptable that nations nominally committed to diplomatically isolating Iran are actively engaged in economically supporting Iran’s most vulnerable industry. This wink-and-nod mixed

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message must give great comfort to the Iranian regime as it considers the consequences of continuing to pursue a nuclear program.

ISA gave the Administration the tools it needs to put pressure on both foreign companies and their host governments to participate in an effective sanctions program. It seems clear that many, if not all, of these foreign energy investments would exceed the threshold laid out in the law as sanctionable activity. I am hopeful that the Administration will signal that it will react strongly to any proposed investments if they move forward by implementing the Iran Sanctions Act.

A serious investigation on even one of these foreign firms would serve as a powerful deterrent to future investment in Iran's energy sector. Clearly few nations take seriously American-led efforts to isolate Iran. The original Iran and Libya Sanctions Act was in place for more than 10 years, but no sanctions were ever implemented in spite of numerous clear violations of the policy. It would not be difficult for a foreign firm to conclude that the United States, in spite of its rhetoric, will not act to sanction foreign investment in Iran.

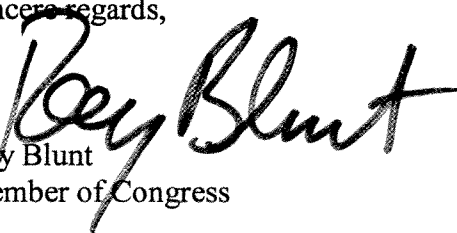
I believe it is critical that the Administration respond unambiguously to violations of ISA. I would respectfully request that the State Department respond to this letter by providing:

- 1) An accounting of the State Department's efforts and future plans to examine existing proposals or energy deals currently maintained in Iran by foreign firms.
- 2) A description of what threshold must be reached before the State Department is willing to consider concluding an investigation and finding that sanctionable activity has occurred in the Iranian energy sector.

Having made these identical requests of the Bush Administration without any satisfactory response, I am hopeful that you will chart a new path on this critical issue.

Thank you for your prompt attention to this matter. I am looking forward to working with you to make sure Congress is a strong partner in preventing Iran from ever developing a nuclear weapon.

Sincere regards,


Roy Blunt
Member of Congress