

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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202/463-5310

May 6, 2010

The Honorable Chris Dodd
Chairman
Committee on Banking, Housing & Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Howard Berman
Chairman
Committee on Foreign Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Dodd and Chairman Berman:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, strongly opposes several provisions included in the House and Senate versions of H.R. 2194.

The Chamber believes that preventing Iran from developing the capability to produce nuclear weapons is an urgent national objective. However, the House and Senate passed bills would have profound implications for U.S. global competitiveness and the Chamber urges you to address these issues. Most problematic are the specific provisions in both bills that could prohibit any U.S. company from transacting routine business with critical partners from around the globe even if these transactions have no bearing on business with Iran. For example:

- Many Foreign export credit agencies would be subject to sanctions, and the U.S. Ex-Im Bank would be barred from co-financing major sales with them. As a result, U.S. aircraft manufacturers and other industrial businesses that export products around the globe may lose access to billions of dollars of export credit financing and loan guarantees. That outcome would impact thousands of high paying jobs.
- Financing and insurance of U.S. business could be seriously disrupted. If a European firm insures a shipping line that has a vessel visit Iran just once, that firm would be sanctioned, and then U.S. companies would be barred from doing business with that firm.
- U.S. oil companies could be prevented from exploring for and developing oil and gas in developing countries including participating in joint ventures with foreign enterprises and state owned oil companies. If a foreign enterprise or state owned oil company is sanctioned for doing business with Iran, the legislation would mandate that U.S. companies effectively terminate any business in that country, resulting in a forced sale of assets.

In short, these extraterritorial sanctions could deliver significant harm to U.S. companies operating globally while doing little or nothing to inconvenience Iran. To avoid unnecessary collateral damage to U.S. economic interests, the Chamber urges you to adopt the following changes to the draft legislation:

- Add the three proposed mandatory sanctions to the existing list of possible sanctions in the Iran Sanctions Act of 1996, with a requirement that the President impose two from the expanded list of nine options for sanctions. Any sanctions should be applied prospectively.
- Eliminate “foreign subsidiary, parent or affiliate thereof” from the expanded definition of “person” to target sanctions only to those persons that engage in sanctionable activity.
- Eliminate “such as an export credit agency” from the expanded definition of “persons.”
- The government procurement provision should apply to persons who are actually sanctioned and on a sanctioned persons list.
- Clarify the preemption of OFAC-licensed humanitarian trade from state divestment legislation.

Finally, the United States and its allies must present a united front in the face of Iran’s nuclear ambitions. Final Congressional action should not occur until after the Administration’s efforts with members of the United Nations Security Council to secure multilateral sanctions are completed. Multilateral action would be much more effective than U.S. unilateral action.

As Congress considers these bills, the Chamber urges you to eliminate provisions that could deliver significant harm to U.S. economic interests around the globe while doing little to inconvenience Iran.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten".

R. Bruce Josten

Cc: The Members of the Conference Committee to H.R. 2194