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Analysis of H.R.850 - the Prevent Nuclear Iran Act

H.R.850, the Prevent Nuclear Iran Act, seeks to impose extraterritorial U.S. sanctions on virtually all trade with Iran. NIAC has serious concerns that the bill would undermine rather than advance U.S. and international efforts to ensure Iran does not obtain nuclear weapons and to prevent war, and that, as currently written, H.R.850 would:

Attacks the President's Waiver Authority

A controversial Ileana Ros-Lehtinen (R-FL) amendment was added to H.R.850 in markup which attacks the President's existing sanctions waiver authorities. This extreme measure would limit the President's flexibility at the negotiating table and undermine confidence that he could lift sanctions in exchange for Iranian concessions on its nuclear program. As a *Bloomberg* editorial warns "As negotiator-in-chief, he needs to retain the power to turn the stick of sanctions into the carrot of relief."

Secretary of State John Kerry Warned Congress Against This Bill

Secretary of State John Kerry, testifying before the Senate Foreign Relations Committee, warned Congress that further rounds of sanctions at this time could undermine ongoing diplomatic efforts. This warning was echoed by the *New York Times*, which stated "While sanctions are an important element of American strategy, piling more on at this moment could harm, rather than advance, the chances for a negotiated deal with Iran."

Imposes a Dangerous Oil Embargo Opposed by Administration, Key Members and U.S. Allies

Due to changes made during Committee markup, the bill would seek to impose a total oil embargo on Iran and reduce the President's waiver authorities, which the administration has opposed due to concerns that it could break international unity on Iran. According to *CQ*, such a move could "wipe out...the delicate diplomatic balance the Obama administration has tried to strike with foreign countries, encouraging them to reduce their trade with Iran in exchange for sanctions relief." The administration's fears regarding the consequences of an oil embargo are shared by both Senator Menendez (D-NJ), the chair of the Senate Foreign Relations Committee, an outspoken proponent of stringent sanctions on Iran.

Currently, ten countries would be directly impacted as they continue to purchase Iranian crude oil and have qualified for U.S. waivers to do so: China, India, Japan, Malaysia, Republic of Korea, Singapore, South Africa, Sri Lanka, Turkey, and Taiwan.

Imposes a Commercial Embargo That Could Break Apart the International Coalition on Iran

H.R.850 seeks to impose U.S. sanctions on all trade with Iran by foreign countries. As a congressional aide told *CQ* when this proposal was offered as part of an Iran sanctions package last year, it "would be impossible to enforce and only make our allies really angry. They would have endangered their cooperation with the sanctions we have now."

The Obama Administration opposed these broad commercial sanctions and the provisions were ultimately removed from Iran sanctions legislation in 2012. But they have been included once again in H.R. 850. Thus, the bill would target commerce between Iran and trading partners such as China, Turkey, India, and South Korea could strain those countries' relationships with the U.S. and risk their retaliation by reducing cooperation on Iran and other matters.

Expands medicine shortages inside of Iran

H.R.850 would pressure countries to reduce or eliminate exports of food and medicine to Iran. The bill fails to exempt food, medicine, and other licensed trade from the calculation of whether Iran's trading partners would qualify for

sanctions waivers. This would further exacerbate the medicine shortages being widely reported in Iran for patients with cancer, hemophilia, multiple sclerosis, thalassemia, and have an even greater effect in blocking advanced, patented medicines produced only in Western countries that Iran and its remaining trading partners cannot produce.

The exemptions for trade in H.R.850 also do not include consumer essentials and items intended “to relieve human suffering,” like clothing and emergency shelter. Additionally, H.R.850 does not exempt other items that have traditionally been exempted from sanctions, such as transactions for informational materials, travel-related goods and services, and communication tools.

Disproportionately hurts ordinary Iranians and empowers hardliners in Iran’s government

Ordinary Iranians have held favorable views towards America, despite the enmity between the Iranian and U.S. government. However, increasingly broad economic sanctions risk creating significant backlash against the United States among Iranians and increased support for resistance against pressure. A 2013 Gallup poll finds that 83% of Iranians now say sanctions had personally hurt their livelihood “somewhat” or “a great deal” and a strong plurality, 47%, said they hold the U.S. “most responsible” for those sanctions.

Prominent Opposition to H.R.850:

- **Secretary Kerry [Testifying before the Senate Foreign Relations Committee](#):** "There's an enormous amount of jockeying going on, with the obvious normal tension between hard-liners and people who want to make an agreement. We don't need to spin this up at this point in time.... You need to leave us the window to try to work the diplomatic channel." (April 18, 2013)
- ***Bloomberg News* editorial board, [“More is Less with Proposed Iran Sanctions](#):** “Iran isn’t going to unilaterally change its nuclear policies in the mere hope that doing so will bring some sanctions relief. A sanctions strategy will work only if Iran can be promised the penalties will end if its policies change.” (May 27, 2013)

“Most U.S. sanctions on Iran are executive orders, which the president can lift. Those few mandated by Congress, however, can be reversed only by new congressional action. That limits the ability of U.S. negotiators to offer sanctions relief in return for Iranian concessions. Royce’s bill, which tightens existing sanctions on Iran’s oil exports and limits its access to foreign currency reserves abroad, would add to that complication. ... Still, only as a last resort should Congress force the president’s hand. As the negotiator-in-chief, he needs to retain the power to turn the stick of sanctions into the carrot of relief.”

- ***The New York Times* editorial board, [“Congress Gets in the Way](#)”:** “The bill would further restrict business dealings with Iran, widen the list of blacklisted Iranian companies and individuals, and potentially block Iran’s access to foreign bank assets held in euros. It could unravel the international coalition against Iran by penalizing countries — like Turkey, India, South Korea and China — that have not done enough to enforce sanctions. ... The best way to avert military conflict is by negotiating a credible, verifiable agreement. It is a very long shot. But Congress needs to give the talks time to play out and not make diplomatic efforts even harder.” (March 1, 2013)
- **Former Ambassador Ryan Crocker, [Interview with *The Los Angeles Times*](#):** "Sanctions are easy to do, and afterwards we can tell ourselves that, 'By God, we've really stuck it to them.' But it seems to me that the more you press this regime, the more they dig in." (May 25, 2013)