Hawks Looking to Sanction Iran Face Opposition From U.S. Businesses

BY JAMILA TRINDLE

U.S. lawmakers pushing to ramp up sanctions against Iran over its nuclear program will face opposition from trade groups, which are arguing that the Obama administration's zeal for using financial tools to punish other countries -- most recently Russia -- is hurting American companies.

After the United States imposed new penalties on Moscow on Wednesday, the business lobby was quick to respond.

"The U.S. is fundamentally extending sanctions in increasingly unilateral ways that will undermine U.S. commercial engagement and reduce the effectiveness of the measures imposed," Linda Dempsey, the National Association of Manufacturers' vice president for international economic affairs, said in a statement. U.S. companies are also worried that foreign businesses will be wary of working with American firms, for fear of future penalties and restrictions.

"American business is concerned about how these sanctions will be seen long term by the rest of the world, and that's where we do a lot of our business," a U.S. Chamber of Commerce executive said.
On Wednesday, July 16, Barack Obama's administration sanctioned four major Russian banks and energy companies -- Washington's toughest response yet to Moscow's support of separatists in Ukraine. The European Union's sanctions have been far more limited, a measure of how aggressively the United States is using the tool relative to other countries.

The National Association of Manufacturers and the Chamber of Commerce oppose new sanctions on Iran if those sanctions are not broadly embraced by America's allies. "When the U.S. government imposes unilateral economic sanctions, what happens is foreign competitors fill the void, they backfill, and the country that's being targeted doesn't feel the economic pain that the sanctions were intended to produce," Dempsey said in an interview this week.

Yet despite this opposition, some lawmakers are already gunning to punish Tehran with more sanctions. As the July 20 deadline for an interim deal on Iran's nuclear program nears, Obama is considering extending the negotiations, which are aimed at dismantling the country's nuclear program. But he may have a hard time getting Congress to go along. A broadly supported sanctions bill nearly passed the Senate in January. And now top House leaders are pushing to raise the stakes again.

"[M]y hope is that the Administration will finally engage in robust discussions with Congress about preparing additional sanctions against Iran," Rep. Ed Royce (R-Calif.), chairman of the House Foreign Affairs Committee, said in a statement Tuesday. In the Senate, key leaders are also issuing demands that could make the deal harder to close.
At the same time, trade groups and other opponents are urging Congress to consider what the restrictions cost American companies. A report issued Tuesday by the National Iranian American Council argues that the U.S. economy lost at least $135 billion in trade revenue because of sanctions between 1995 and 2012.

Richard Sawaya, the head of USA*Engage, said the effectiveness of new Iran sanctions and the business community's willingness to go along with them quietly will depend on whether other countries agree to them as well. A parade of European trade delegations streaming through Tehran since the interim deal took effect has sparked concerns that American companies will be left behind when Iran is finally open for business again.

"To the degree that the EU says 'no mas' and is willing to do business with probably the most attractive untapped market on the planet, then they won't work," Sawaya said in an interview Tuesday. His organization was created by the National Foreign Trade Council in 1997 with the sole purpose of opposing unilateral U.S. sanctions.

Before the latest round of Russia sanctions, the Chamber of Commerce and the National Association of Manufacturers had campaigned against them in newspaper ads and blog posts. And trade groups have mounted opposition to Iran sanctions in the past. Before Congress massively restricted Tehran's ability to sell oil and use the international financial system in 2010, the manufacturers association and the Chamber of Commerce wrote a letter to congressional leaders warning that the measures could cost the U.S. economy at least $25 billion a year.

But then, as in the latest round against Moscow, the groups were unable to stop the 2010 Comprehensive Iran Sanctions, Accountability, and Divestment Act. Complaints about new Iran sanctions could also fall on deaf ears again.
"Business groups' opposition to sanctions has never stopped Congress from passing sanctions," Sawaya said.

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