**White House seeks to soften Iran sanctions**

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The Obama administration is pressing Congress to provide an exemption from Iran sanctions to companies based in "cooperating countries," a move that likely would exempt Chinese and Russian concerns from penalties meant to discourage investment in Iran.

The Comprehensive Iran Sanctions, Accountability, and Divestment Act is in a House-Senate conference committee and is expected to reach President Obama's desk by Memorial Day.

"It's incredible the administration is asking for exemptions, under the table and winking and nodding, before the legislation is signed into law," Rep. Ileana Ros-Lehtinen, Florida Republican and a conference committee member, said in an interview. A White House official confirmed Wednesday that the administration was pushing the conference committee to adopt the exemption of "cooperating countries" in the legislation.

Neither the House nor Senate version of the bill includes a "cooperating countries" provision even though the administration asked the leading sponsors of the Senate version of the bill nearly six months ago to include one.

The legislation, aimed at companies that sell Iran gasoline or equipment to refine petroleum, would impose penalties on such companies, up to the potentially crippling act of cutting off the company entirely from the American economy. It also would close a loophole in earlier Iran sanctions by barring foreign-owned subsidiaries of U.S. companies from doing business in Iran's energy sector.

Although Iran is one of the world's leading oil exporters, it lacks the capacity to refine as much oil into gasoline as its domestic economy uses. Three years ago, the Iranian government imposed gasoline rations on the population.

"We're pushing for a 'cooperating-countries' exemption," the White House official said. "It is not targeted to any country in particular, but would be based on objective criteria and made in full consultation with the Congress."

Mrs. Ros-Lehtinen, however, said the exemption "is aimed at China and Russia specifically."

"The administration wants to give a pass to countries for merely supporting a watered-down, almost do-nothing U.N. resolution," she said.

All past sanctions against Iran have included a waiver that lets the president refrain from penalizing foreign companies that are doing business with Iran.

The "cooperating countries" language that the White House is pressing would allow the executive branch to designate countries as cooperating with the overall strategy to pressure Iran economically.

According to three congressional staffers familiar with the White House proposal, once a country is on that list, the administration wouldn't even have to identify companies from that country as selling gasoline or aiding Iran's refinement industry.

Even if, as current law allows, the administration can waive the penalties on named companies for various reasons, the "cooperating countries" language would deprive the sanctions of their "name-and-shame" power, the staffers said.

The prospect that China and Chinese firms would be exempt from penalty follows reports that Beijing is cooperating with Iran's missile program. On April 23, Jane's Defense Weekly reported that China broke ground on a plant in Iran this month that will build the Nasr-1 anti-ship missile.

Mark Dubowitz, executive director of the Foundation for the Defense of Democracies, where he directs the group's Iran energy project, said the "'cooperating-country' status would send a signal to the energy sector that the Obama administration is not serious about penalizing those companies that continue to do business with the Iranian energy sector, the lifeblood of the men who rule Iran."

Indeed, Christophe de Margerie, chief executive of the French national oil concern Total, told Reuters news agency on Tuesday that his company would stop business in Iran only if required to do so by the law.

"I've been asked by certain people to reconsider," he said. "I say, 'OK, make it official.'"

However Patrick Clawson, the deputy director for research at the Washington Institute for Near East Policy, said U.S. policy objectives should not be to penalize foreign companies, but instead to persuade countries like China to enforce their own trade restrictions with Iran.

"If the administration can use this 'cooperating-countries' waiver to get cooperation from a country like China on enforcing the U.N. sanctions and on suspending investment in Iran's oil and gas industry, then this bill will be a great success for U.S. objectives about Iran's nuclear program and support for terrorism," he said.

One congressional staff member working on the bill told The Washington Times that Mr. Obama personally asked the House leadership this month to put off the sanctions bill until after the current work period. Shortly after that meeting, both the House and Senate named conferees for the legislation.

U.S. unilateral sanctions aimed at freezing foreign companies out of American markets have been irritants in U.S. diplomacy. Foreign countries complain that imposing such "secondary sanctions" is just a form of protectionism.

The Obama administration has promised to pursue sanctions at the U.N. Security Council and also has indicated it would pursue unilateral sanctions targeted at Iran's banking sector and the companies that insure shipping to and from Iranian ports.

Keith Weissman, a former Iran specialist for the American Israel Public Affairs Committee, said he did not think the current refined-petroleum sanctions would be effective.

"Of all the sanctions I have been around, this is one of the dumber ones," Mr. Weissman said. "We have been talking about this for so long, the Iranians are ready for this. Not only are they building the capacity for refining the fuel, they will have more capacity to purchase it from regional countries."

Nonetheless, a number of foreign companies have announced in recent months that they would end business in Iran in anticipation of U.N. and U.S. sanctions. Some companies that provide Iran with refined petroleum, such as the Indian firm Reliance and the Kuwaiti trader IPG, have announced they would end the gasoline shipments.

Mr. Weissman was accused in 2005 by the federal government of conspiring to leak classified information to a Washington Post reporter. The Justice Department dropped the charges last year.

Because oil-refining sanctions would end up increasing the price of gasoline and heating oil for average Iranians, they have been opposed by many in Iran's "green" opposition movement, such as Shirin Ebadi, the Nobel Peace Prize-winning human rights lawyer.

Mojtaba Vahedi, a former chief of staff to opposition leader Mehdi Karroubi, said in a telephone interview that he would prefer to see targeted sanctions aimed at Iran's Revolutionary Guard Corps and its front companies.

"The main problem in Iran is the management of the country, everything that helps to remove [Iranian President Mahmoud] Ahmadinejad is good for the people, especially smart sanctions that target the regime," he said.