



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 11, 2016
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5631 – Iran Accountability Act of 2016

(Rep. McCarthy, R-CA)

H.R. 4992 – United States Financial System Protection Act of 2016

(Rep. Royce, R-CA, and 14 cosponsors)

H.R. 5119 – No 2H2O from Iran Act

(Rep. Pompeo, R-KS, and 32 cosponsors)

The Administration strongly opposes H.R. 5631, H.R. 4992, and H.R. 5119, bills that would prevent the United States from implementing the Joint Comprehensive Plan of Action (JCPOA). These bills would undermine the ability of the United States to meet our JCPOA commitments by reimposing certain secondary economic and financial sanctions lifted on "Implementation Day" of the JCPOA – the day on which the International Atomic Energy Agency (IAEA) verified Iran's completion of key nuclear-related steps. The JCPOA has significantly constrained Iran's nuclear program, including through the dismantlement of key aspects of the program, and subjects Iran's nuclear program to unprecedented verification and monitoring requirements. It is profoundly in the national security interest of the United States to continue to meet our commitments under the JCPOA as long as Iran continues to meet its commitments.

H.R. 5631 includes provisions that would prevent the Administration from implementing certain U.S. sanctions relief commitments under the JCPOA on the basis of non-nuclear related activity by Iran. Specifically, the legislation would require the reimposition of sanctions on individuals and entities delisted on Implementation Day, as well as the re-imposition of financial and economic secondary sanctions lifted on Implementation Day, including sanctions on prominent Iranian economic sectors, such as the petrochemical sector. In addition, this bill lacks flexibility including new waiver authorities as has typically been provided for new robust sanctions measures for continued use of sanctions in furtherance of our national security and foreign policy objectives.

H.R. 4992 contravenes United States commitments in the JCPOA, as it would reapply secondary sanctions on Iran's financial sector by prohibiting permissible financial transactions between Iran and the international community that are wholly outside the U.S. financial system. This would amount to a harmful and unnecessary overreach, undermining the President's exercise of International Emergency Economic Powers Act (IEEPA) authority. As the Administration has been clear, the United States will continue to impose our primary trade embargo on Iran, with certain limited exceptions set forth in the JCPOA, and take robust measures to protect the U.S. financial system from access by Iran. However, this bill seeks to directly undermine Iran's conduct of banking transactions outside of the United States – activity that became permissible on Implementation Day in return for Iran meeting its nuclear-related commitments, as verified by the IAEA.

H.R. 5119 includes provisions that would foreclose the United States from procuring heavy water from Iran in the future. Removal of excess heavy water from Iran denies Iran access to material that could be stockpiled for potential nuclear weapons production while also providing the international market access to an important commodity for research and non-nuclear industries. As part of the JCPOA, Iran committed to a limit on the amount of heavy water that it could accumulate, but may sell its excess heavy water, further ensuring that Iran does not use this product to develop material for a nuclear weapon. The United States does not produce heavy water. For U.S. industry and research labs, heavy water is a critical material used for biomedical and diagnostic research – such as MRIs and pharmaceutical development – as well as for chemistry, physics and environmental analysis.

These bills, separately or collectively, thus would impact the continued viability of the JCPOA, a diplomatic arrangement that peacefully and verifiably prevents Iran from acquiring a nuclear weapon. Dismantling the JCPOA would remove the unprecedented constraints on and monitoring of Iran's nuclear program, lead to the unraveling of the international sanctions regime against Iran, and deal a devastating blow to the credibility of America's leadership and our commitments to our closest allies.

As we address our concerns with Iran's nuclear program through implementation of the JCPOA, the Administration remains clear-eyed regarding Iran's support for terrorism, its ballistic missile program, human rights abuses, and destabilizing activity in the region. The United States retains all of the tools it needs to counter this activity, ranging from powerful sanctions to our efforts to disrupt and interdict illicit shipments of weapons and proliferation-sensitive technologies. In addition, the United States remains committed to supporting our regional partners' enhancement of their defense capabilities and will continue our steadfast vigilance in enforcing multilateral export controls regimes, including the Missile Technology Control Regime (MTCR).

Continued implementation of JCPOA commitments by all participants – including the United States and our closest allies – is critical to ensuring that Iran's nuclear program is and will remain exclusively peaceful, which is profoundly in the national security interest of the United States and the international community.

The President has made it clear that he will veto any legislation that prevents the successful implementation of the JCPOA. If the President were presented with H.R. 4992, H.R. 5119, or H.R. 5631, he would veto these bills.

* * * * *