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

September 21, 2016
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5931 – Prohibiting Future Ransom Payments to Iran Act
(Rep. Royce, R-CA, and 70 cosponsors)

The Administration strongly opposes H.R. 5931, which is an ill-advised attempt to respond to a problem – so-called "ransom" payments to Iran – that does not exist, in a way that would undermine U.S. obligations and ultimately benefit Iran at the expense of the United States. The bill purports to raise concerns about the announcement in January that the United States brought home several unjustly detained Americans from Iran. As the Administration has repeatedly made clear, Iran released several detained Americans, and the United States provided relief to certain Iranian citizens charged with primarily sanctions-related offenses, several of whom are dual U.S.-Iranian nationals, in a one-time, reciprocal humanitarian gesture that brought our Americans home after 14 months of intensive negotiations. As the President has affirmed, the United States did not pay ransom to secure the return of our Americans from Iran. As was also announced publicly in January, the United States transferred funds to Iran to effectuate the settlement of a long-standing claim at the Iran-United States Claims Tribunal at The Hague (the Tribunal). The settlement of this 35-year old claim was resolved to the benefit of the U.S. taxpayer. The timing of the settlement was a consequence of the United States taking advantage of the opening of diplomatic opportunities with Iran on several fronts simultaneously, including Implementation Day of the Joint Comprehensive Plan of Action (JCPOA) and the intensification of negotiations to release unjustly detained Americans. Both of these diplomatic achievements and the settlement of the Tribunal claim were made possible by this intensified engagement – all three were resolved on their own merits and were profoundly in the U.S. interest.

This bill, while styled as prohibiting future purported "ransom payments," instead bars virtually any payment from the U.S. Government to Iran, including those permitted or even required by law. Specifically, this bill would effectively prevent the United States from paying out awards rendered by the Tribunal and, thus, risk putting the United States in violation of our obligations under the Algiers Accords – an agreement concluded by President Carter, endorsed by President Reagan and honored by every President since that time. Since the establishment of the Tribunal in 1981, the Tribunal has resolved numerous substantial claims of U.S. nationals against Iran, with over $2.5 billion being paid out to the U.S. claimants.

Further, this bill could effectively remove the President's ability to settle Tribunal claims with Iran for the foreseeable and indefinite future by requiring unrealistic certifications and notifications. This is an unprecedented restriction on the President's claims settlement authority that would adversely affect our ability to resolve Tribunal claims on favorable terms to the U.S. taxpayer, as we did in January. It would be unprecedented for the Congress to impose rigid, *ex ante* conditions on the President's prerogative to settle claims with foreign sovereigns.

This bill would benefit Iran, not the United States. Settlements of Tribunal claims, over several decades, have already saved the U.S. taxpayers potentially billions of dollars. Removing the

President's authority to settle these claims virtually guarantees higher monetary awards for Iran after years of continued litigation – and the U.S. taxpayers will be stuck with the bill.

The bottom line is that this bill is a short-sighted response to politicized discussions about the recent Tribunal settlement. It undermines our international obligations in an unprecedented fashion that, ultimately, advantages Iran at the expense of the U.S. taxpayer.

<u>If the President were presented with H.R. 5931, he would veto the bill</u>.

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