

If the U.S. Reimposes Sanctions on Iran, Allies Will Follow



“We will not be able to coerce Europe, Russia, and China into shunning Iran’s economy over policy interests that they do not share.” — Adam Szubin, former director of the U.S. Office of Foreign Assets Control

“The United States would have to threaten all customers who buy Iranian crude. The response would be global outrage and resistance, especially from our allies.” — Matthew Reed, vice president at Foreign Reports

In November 2011, Illinois Sen. Mark Kirk — with help from then-Senate Minority Leader Mitch McConnell — took the Obama White House by surprise, filing an amendment to the National Defense Authorization Act that imposed crippling sanctions on the Central Bank of Iran. Days later, Kirk and New Jersey Sen. Bob Menendez forged a bipartisan compromise and a vote was scheduled.

The Obama administration was livid. In a closed-door meeting, then-Deputy National Security Advisor Denis McDonough, Deputy Secretary of State William Burns, and Deputy Secretary of Treasury Neal Wolin begged and pleaded with the Senators to withdraw their amendment. The United States would not be able to force its allies to go along with the plan, they said — the sanctions regime would fall apart, there would be global outrage and resistance, and gas prices will skyrocket.

Their pleas fell on deaf ears, as did a last-ditch letter of opposition from Treasury Secretary Timothy Geithner, which argued that the amendment threatened to “undermine the effective, carefully phased, and sustainable approach we have taken to build strong international pressure against Iran.” After a historic, 100-to-zero Senate vote, the Menendez-Kirk sanctions on the Central Bank of Iran changed the course of history.

Every European and Asian ally that had come to Capitol Hill to lobby against the amendment fully complied with it after it came into force. The measure was such a success that President Barack Obama claimed credit for it in his 2012 reelection

campaign.

This wasn't the first time that economic consultants, U.S. businesses, and both European and Asian allies opposed a unilateral congressional sanctions measure — and it wasn't the last either. But every time, history proved them wrong.

Within days of the president signing the Central Bank sanctions into law, I was already hard at work on something new — figuring out how to force Europe to cut Iran off from the global financial network called SWIFT. Working with Mark Dubowitz at the Foundation for Defense of Democracies, we recognized that U.S. leverage over the Belgium-based organization resided in its cooperative governance structure — that is, the people who run SWIFT are all global financial institutions that do business in U.S. dollars.

When I asked SWIFT's lawyers if they would voluntarily cut off Iran from their network, they arrogantly refused. When the White House found out that I was drafting an amendment for an upcoming Senate Committee on Banking, Housing, and Urban Affairs markup, Szubin put on a full-court press to stop it. But once again, thanks to some bipartisan negotiating, the amendment was adopted by the committee and within hours SWIFT was working with the European Union to find a way to comply.

This story played out again and again — after passage of the Iran Threat Reduction Act, and of the Iran Freedom and Counter-Proliferation Act, which blacklisted whole sectors of Iran's economy and cut off the flow of precious metals to the regime.

Today, we are seeing the same old opponents of tough sanctions on Iran come out of the woodwork to warn President Donald Trump against threatening to reimpose a global financial embargo on Iran. Despite Iran's refusal to allow inspections at military sites, continued testing of advanced ballistic missiles, expansion of its terrorist proxy armies into Syria and Lebanon, and holding of American hostages, former Obama administration officials argue that the United States has no choice but to keep its most powerful sanctions options in a lockbox for fear of European and Asian noncompliance.

Their arguments ring as hollow today as they did in the past. European and Asian businesses will oppose the reimposition of sanctions on Iran right up until the point they are reimposed. And then their lawyers will force them to comply —

choosing continued access to the \$19 trillion American financial system over Iran's \$400 billion.

The left has all but conceded that Iran is not complying with the letter and spirit of the nuclear agreement. Many have finally conceded that the agreement was a bad deal for America. But the one argument they're hanging onto is that the United States has no alternatives — that the threat of reimposing sanctions would not be effective and Iran would therefore win a race to the bomb.

History shows how wrong they are. Trump should decertify Iran's compliance with the nuclear agreement and hold a sanctions Sword of Damocles over the Iranian economy: change your behavior or risk total economic collapse before you could ever reach the point of a nuclear weapon. Cry as they might along the way, no European or Asian corporation is going to choose a terrorist regime over access to the U.S. dollar.

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