

UNITED AGAINST NUCLEAR IRAN

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July 16, 2013

Carlos Ghosn
Chairman & CEO
Renault S.A.
13-15 Quai Le Gallo
Boulogne-Billancourt 92513, France

Re: Renault and Iran

Dear Mr. Ghosn:

United Against Nuclear Iran (“UANI”) is writing to reiterate its concern about Renault S.A.’s (“Renault”) Iran business activities and inform Renault of new U.S. sanctions measures that cover its activities in the Iranian automotive sector. Specifically, UANI is concerned that Renault of France and Renault’s Romanian subsidiary Automobile Dacia S.A. (“Dacia”) are partnered with Iranian regime-controlled auto manufacturers to produce Renault and Dacia vehicles in Iran. Activities resulting from this partnership appear to violate new U.S. sanctions specifically targeting persons and entities, such as Renault, that aid Iran’s automotive sector.

The reasons for our concern are as follows. First, Renault and Dacia vehicles are produced in Iran through the joint venture Renault Pars, which is 51% owned by Renault with the remaining 49% controlled by the Industrial Development and Renovation Organization of Iran (“IDRO”) and its subsidiaries Iran Khodro and Saipa. IDRO is an Iranian government entity sanctioned by the U.S. and EU for its involvement in Iran’s nuclear and missile programs. Iran Khodro and Saipa are Iran’s two largest auto manufacturers. (Renault Pars: [“Renault in Iran”](#); *Le Point*, [“Renault refuse d’abandonner l’Iran,”](#) 7/17/12)

Second, while other responsible companies have curtailed or ended their business in Iran’s automotive sector, Renault and Dacia have apparently expanded their activities, producing over 100,000 of their vehicles for the Iranian market in 2012 alone. (Renault: [“World Sales Results 2012”](#)) Production of the Dacia Logan, sold in Iran as the Renault Tondar 90, and the Renault Mégane, has also reportedly continued in Iran unabated through 2013. Additionally, at the close of May 2013, Renault Pars Managing Director Pars Peiman Kargar announced the selection of Iran as Renault’s industrial agent in the Middle East. In the announcement Mr. Kargar stated that “Renault has been and will remain in Iran despite all problems in trading, because it has chosen Iran as its strategic partner based on a fundamental and strategic decision.” (*ISNA*, [“Iran selected as Renault’s industrial agent in Mideast,”](#) 5/29/2013) On July 13, 2013, Sasan Qorbani, Secretary of the Association of Iranian Car Part Producers, added that “Renault is determined to continue [its] presence in the Iranian market and is committed to continue its

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services” despite sanctions. (*Tehran Times*, “[Renault determined to continue presence in Iran market](#),” 7/13/2013)

Renault’s clear and well-documented business partnership with Iranian automakers and involvement in Iran’s auto industry appears to violate new U.S. sanctions targeting Iranian auto manufacturing. Specifically, President Barack Obama’s Executive Order 13645 of June 3, 2013 (“E.O. 13645”) authorizes the imposition of sanctions on entities “knowingly engaged in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the automotive sector of Iran.” (Federal Register: [E.O. 13645](#)) This order became “effective” on July 1, 2013. Renault’s ongoing supply to Iran of the components, designs, technologies and manufacturing techniques necessary to manufacture Renault and Dacia vehicles in Iran appears to constitute sanctionable activity under E.O. 13645. Accordingly, please inform UANI of what steps Renault has taken to cease its Iran business activities and avoid running afoul of U.S. sanctions.

Renault’s business with IDRO affiliates and subsidiaries may also violate EU sanctions. In 2010, the EU blacklisted IDRO as a “Government body responsible for acceleration of Iran’s industrialization” that “Controls various companies involved in work for the nuclear and missile programmes and [is] involved in the foreign procurement of advanced manufacturing technology in order to support them.” (Official Journal of the European Union, “[Council Implementing Regulation \(EU\) No 688/2010](#),” 7/26/2010) EU sanctions forbid making funds or economic resources available to or for the benefit of blacklisted entities, including IDRO. (Official Journal of the European Union, “[Council Regulation \(EC\) No 423/2007](#),” 4/19/2007) Renault’s activities in Iran appear to fall under the scope of this EU prohibition.

In short, through its extensive business in Iran, Renault is directly undermining the efficacy of international sanctions and extending Iran an economic lifeline to continue its illicit activities, including its sanctioned nuclear program. Beyond being a massive source of income for the regime, the auto sector is also used to access advanced dual-use technologies and products for its military, security forces, and even nuclear program. Renault and Dacia’s Iran business also contradicts the position of the French and Romanian governments, which strongly oppose a nuclear-armed Iran. The Government of France is Renault’s largest shareholder and Dacia is Romania’s largest exporter. It is troubling that such “national brands” would engage in commercial dealings that directly undermine the policies of their home countries.

The Iranian regime is imperiling the long-term stability of the region, the security of the international community and the nuclear nonproliferation regime, and the security of its own citizens. It is incumbent on all of us, private citizens, governments and corporations alike, to take concrete steps to oppose this ongoing and dangerous threat. Renault’s business in Iran and direct partnership with Iranian entities controlled by the IRGC is exposing its investors and other partners to serious and irrevocable reputational and financial harm. It is time for Renault to end its business in Iran or face sanctions. Please be advised that UANI will do everything in its power to ensure that relevant legislative and regulatory authorities in the U.S. and EU, as well as the American and European public at large, are appropriately apprised of Renault’s extensive Iran business operations in sanctioned sectors of the Iranian economy.

Please let us hear from you by July 22, 2013 as to whether or not you will take action to end Renault's business in Iran.

Very truly yours,



Ambassador Mark D. Wallace

cc: The Honorable Barack Obama
President of the United States

The Honorable John Kerry
United States Secretary of State

The Honorable Ed Royce
Chairman, United States House Committee on Foreign Affairs

The Honorable Eliot Engel
Ranking Member, United States House Committee on Foreign Affairs

The Honorable Tim Johnson
Chairman, United States Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Michael Crapo
Ranking Member, United States Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Jeb Hensarling
Chairman, United States House Committee on Financial Services

The Honorable Maxine Waters
Ranking Member, United States House Committee on Financial Services

The Honorable Ileana Ros-Lehtinen
United States House of Representatives

The Honorable Steve Israel
United States House of Representatives

The Honorable David S. Cohen
Under Secretary for Terrorism and Financial Intelligence, United States Department of the Treasury

The Honorable Adam Szubin
Director, Office of Foreign Assets Control

Catherine Ashton
High Representative of the European Union for Foreign Affairs and Security
Policy

Ambassador Charles H. Rivkin
United States Ambassador to France and Monaco

Ambassador François Delattre
Ambassador of France to the United States

Bertrand Lortholary
Consul General, Consulate General of France in New York

Ambassador Mark. H Gitenstein
United States Ambassador to Romania

Ambassador Cosmin Vierița
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