

United States Senate

WASHINGTON, DC 20510

February 25, 2013

His Excellency Herman Van Rompuy
President of the European Council
Rue de la Loi 175
B-1048 Brussels

CC: Mario Draghi, President, European Central Bank

Dear President Van Rompuy:

The United States and the European Union (EU) share a common goal of preventing Iran from acquiring a nuclear weapons capability. Together, we have implemented the most comprehensive sanctions regime against one country in history – imposing sanctions on the Central Bank of Iran, disconnecting Iranian banks from financial messaging services, prohibiting the supply of metals to Iran, enacting human rights sanctions and more.

But while American and European sanctions are hurting Iran’s economy – dramatically cutting oil revenues and devaluing the currency – the regime continues to flout its commitments under the Nuclear Non-Proliferation Treaty and refuses to halt its enrichment activities in compliance with multiple United Nations Security Council resolutions. Time is not on our side. As Iran improves its enrichment capabilities, the regime inches closer to an undetectable nuclear breakout capability. That is why we are writing to request your immediate support in closing a significant loophole in US-EU sanctions policy.

As you know, financial institutions, companies and investors affiliated with the Iranian Government, including the Central Bank of Iran, maintain bank accounts around the world filled with euros. Reports suggest that Iran uses these reserves to circumvent the total impact of American and European sanctions by converting its foreign-held euros into local currencies via the European Central Bank’s (ECB) Trans-European Automated Realtime Gross Settlement Express Transfer or “Target2” system. We are concerned that these euro conversions in turn free up significant funds to finance Iranian imports, stabilize Iran’s monthly budget and allows the regime to continue to engage in sanctionable and illicit activities.

While we understand officials at the ECB want to take action to render Iran’s foreign-held euros non-functional, they are waiting for an order from the EU Council to proceed. Therefore, we strongly urge you to take all necessary measures to immediately cut off Iran’s ability to use its foreign-held euros by prohibiting direct or indirect access to Target2 services by or on behalf of accounts owned or controlled by the Government of Iran or its affiliates. Such an action would be consistent with the ECB’s guidelines – which explicitly prohibit access to Target2 for entities engaged in “money-laundering and the financing of terrorism, proliferation-sensitive nuclear activities and the development of nuclear weapons delivery systems” – and would bring the EU into alignment with American policy vis-à-vis Iranian access to the dollar.

United States Senate

WASHINGTON, DC 20510

Page 2

His Excellency Herman Van Rompuy

February 25, 2013

Though we recognize and appreciate the narrow mandate by which the ECB operates and respect the independence of this institution, we believe we all have a role to play in ensuring that Iran does not obtain a nuclear weapon. It is critical that the U.S. and Europe present a strong, unified front with respect to Iran's nuclear program. As we approach yet another round of low-level discussions with Iran in Kazakhstan next week, Iran is feeling the effects of international sanctions. Yet it still refuses to engage in serious negotiations over its nuclear program. We will need to maintain and increase pressure if diplomacy has a hope of succeeding.

Thank you for your time, your consideration, and your continued leadership in deepening our transatlantic ties.

Sincerely,

Clare Kim

Jeanne Shaheen

Mark Royce

Susan Collins

Kay R. Hagan

Bill Nye

Heidi Heitkamp

Ben Ray Lujan

Dan Claitor

Jack Reed

Jeff Merkley

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Dianne Feinstein

Chuck Schumer

Pat Romney

Joe Manchin

United States Senate

WASHINGTON, DC 20510

Page 3

His Excellency Herman Van Rompuy

February 25, 2013

Jeff Sessions

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L. Lee

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United States Senate

WASHINGTON, DC 20510

Page 4

His Excellency Herman Van Rompuy

February 25, 2013

Mike Crapo

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