

May 9, 2017

Matthias Müller
Chairman of the Board of Management
The Volkswagen Group
Brieffach 1998
D-38436 Wolfsburg
Germany

Re: Volkswagen, U.S. Jobs, and Iran

Dear Mr. Müller:

I write in furtherance to my June 9, 2016, February 21, 2017, and April 13, 2017 letters to Volkswagen and Volkswagen subsidiary, Škoda, outlining the continuing risks of doing business in Iran and seeking your explicit commitment to refrain from engaging in Iran business. I have yet to receive a response to these letters.

Media reports have since come to my attention suggesting that Volkswagen intends to cut operations in the United States. In November 2016, Volkswagen announced job cuts of 30,000 worldwide. According to Reuters, “[j]obs will also be cut in North America...” (Reuters, “[Volkswagen to cut 30,000 jobs](#),” 11/18/2016).

At the same time, as previously noted in my letters, Volkswagen reportedly seeks to expand its operations in Iran through a joint production venture with Mammut Khodro. (Financial Tribune, “[Volkswagen to Launch Iran Plant by March](#),” 1/31/2017; Braunschweiger Zeitung, “[VW verhandlet über Joint Venture für Iran](#),” 1/24/2017; PressTV, “[VW picks local partner in bed to cement foothold in Iran](#),” 4/24/2017).

In view of this regrettable juxtaposition of Volkswagen’s commercial blueprints, and given the current and foreseeable political climate – one in which the U.S. Administration has strongly and repeatedly urged companies to retain operations in the United States or face punitive financial penalties – it would seem prudent for Volkswagen to publicly commit to refraining from any Iran business at this juncture.

Moreover, as you may know, on February 1, 2017, the White House stressed that the Islamic Republic of Iran is “on notice” due to its ongoing “malign actions, including weapons transfers, support for terrorism, and other violations of international norms.” The statement concluded, “[t]he Trump Administration condemns such actions by Iran that undermine security, prosperity, and stability throughout and beyond the Middle East and place American lives at risk.... As of today, we are officially putting Iran on notice. (The White House, Office of the Press Secretary, “[Statement by the National Security Advisor](#),” 2/1/2017).

On February 3, 2017, the White House issued another statement accompanying the U.S. Government's designation of 25 individuals and entities for their support of Iran's ballistic missile program, concluding that "[t]he days of turning a blind eye to Iran's hostile and belligerent actions toward the United States and the world community are over." (The White House, Office of the Press Secretary, "[Statement by the National Security Advisor](#)," 2/3/2017).

In response to Iran's January 2017 test-firing of a medium-range ballistic missile, U.S. Ambassador to the United Nations, Nikki Haley, also warned:

We're not going to stand by. You're going to see us call them out as we said we would, and you are also going to see us act accordingly.... We have said with this administration that we are not going to show a blind eye to these things that happen.... We're going to act. We're going to be strong. We're going to be loud and we're going to do whatever it takes to protect the American people and the people across the world.

(New York Times, "[Iran Warns Trump Over Missile Dispute, and American U.N. Envoy Hits Back](#)," 1/31/2017). U.S. State Department spokesman Mark Toner recently stated, "[w]hen actions are taken that violate or are inconsistent with the resolution, we will act to hold Iran accountable and urge other countries to do so as well...." (NBC News, "[Iran Test-Fires Medium Range Ballistic Missile: U.S. Officials](#)," 1/31/2017). U.S. Senator Bob Corker, chairman of the Senate Foreign Relations Committee, added, "[n]o longer will Iran be given a pass for its repeated ballistic missile violations, continued support of terrorism, human rights abuses and other hostile activities that threaten international peace and security...." (Associated Press, "[UN to hold urgent meeting on Iran missile test at US request](#)," 1/30/2017).

The aforementioned press reports make quite clear that the U.S. will adopt a more assertive approach to strict enforcement of the terms of the JCPOA. In particular, sanctions may be re-imposed ("snapped back") at any time, and given Iran's shaky compliance with the JCPOA and the rapidly changing macro-political climate, a termination of the JCPOA seems more likely than ever.

In view of the foregoing, please clarify Volkswagen's intentions with respect to its business plans in Iran and confirm that it does not envisage any problem with cutting jobs in the U.S. while launching operations in Iran. I look forward to hearing from you at your earliest convenience.

Very truly yours,



Ambassador Mark D. Wallace