

May 9, 2017

Martin Lundstedt
President and CEO
Volvo Group
SE-405 08
Gothenburg, Sweden

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

Dear Mr. Lundstedt:

Thank you for your letter of June 1, 2016, in which you confirmed that “the Volvo Group has decided to engage in the Iranian market again.” Among the reasons for Volvo’s decision were “[a]s a result of the JCPOA and that extensive US and EU sanctions have been removed” and “the fact that there is strong political support for the re-establishment of trade with Iran.” Since your letter, Volvo’s engagement in Iran has been confirmed, when it was reported in January 2017 that “SAIPA Diesel, a subsidiary of SAIPA, Iran’s second largest automaker, will start production of three new models of Volvo FM trucks in the coming months.” (Financial Tribune, [“Volvo To Make Trucks in Iran,”](#) 1/26/2017; IHS Supplier Insight, [“SAIPA Diesel to start assembling Volvo Trucks in Iran – report,”](#) 1/27/2017).

At the same time, Volvo reportedly cut approximately 1,200 U.S. jobs in 2016, including “about 800 jobs at Volvo’s only truck-making plant in the United States.” (Roanoke Times, [“Volvo Trucks announces 500 layoffs at Dublin plant,”](#) 12/13/2016; Roanoke Times, [“In turnabout Volvo cancels worker layoffs at Pulaski County plant,”](#) 1/19/2017). In December 2015, Volvo subsidiary Mack Trucks also announced 400 layoffs – representing one fifth of its workforce – at its plant in Lehigh Valley, Pennsylvania. (The Morning Call (Allentown), [“Mack Trucks to lay Off 400 at Lehigh Valley Plant,”](#) 12/15/2015).

In view of this regrettable juxtaposition of Volvo’s commercial blueprints – expansion in Iran and retrenchment in the U.S. – 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 Volvo to publicly commit, at a minimum, to refraining from any Iran business at this juncture.

Moreover, the “strong political support for the re-establishment of trade with Iran” that you cite is at best a dubious assertion. 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 if Volvo's plans or intentions have changed or will change with respect to its business plans in Iran. I look forward to hearing from you at your earliest convenience.

Very truly yours,



Ambassador Mark D. Wallace