

March 9, 2012

Philippe Varin  
Chairman of the Managing Board  
PSA Peugeot Citroen  
Paris Grande Armeé  
75, Avenue de la Grande Armeé  
75116 Paris

**Re: Peugeot and Iran**

Dear Mr. Varin,

United Against Nuclear Iran ("UANI") is writing to express concern regarding PSA Peugeot Citroen's ("Peugeot") ongoing business activities in Iran, particularly in light of its recent partnership with U.S. automaker General Motors ("GM"). Peugeot's extensive business dealings in Iran directly support the Iranian regime's ability to develop its illegal nuclear weapons program, support its terrorist proxies and pursue a brutal campaign of repression against the Iranian people. UANI calls on Peugeot to follow the lead of other responsible corporations, including such prominent corporations as Caterpillar and Komatsu, and end its Iran business.

Peugeot's longstanding manufacturing partnership with the Iran Khodro Group ("IKCO") is of particular concern to UANI. Numerous Peugeot models, including the 207i, 206, 405, and ROA, are prominently advertised on the IKCO website. (Iran Khodro website, "Homepage") Over half a million Peugeot vehicles were sold in Iran in 2010 alone, making Peugeot the leading foreign auto manufacturer produced and sold in Iran. Peugeot has also been cited as having "more expatriate employees in Iran than any other western company." (*Financial Times*, "Peugeot brings home expats from Iran," 3/7/12)

In addition, UANI is concerned that Peugeot, through its extensive partnership with IKCO, is doing business with Iran's Islamic Revolutionary Guard Corps ("IRGC"), the central national security apparatus in Iran that finances the regime's nuclear weapons program and terrorist activities across the globe. IKCO is a subsidiary of the Iranian Development and Renovation Organization ("IDRO"), an entity blacklisted by the U.S., UK and EU for its activities in a wide range of nuclear and military industries. Moreover, the IRGC commander Rostam Ghasemi, currently holds a position on IDRO's Board of Directors. Mr. Ghasemi was formally sanctioned by the U.S. Treasury Department's Office of Foreign Asset Control ("OFAC") in August 2010.

Through its control of IKCO, the Iranian regime and the IRGC hold an effective and lucrative monopoly on the Iranian automotive manufacturing sector. By partnering with the Iranian regime, Peugeot is supplying the technology and funds necessary for the IRGC to perpetuate this monopoly, continue its dominance over large swaths of the Iranian economy and fund its efforts to pursue weapons of mass destruction and sponsor terrorism around the globe.

Peugeot should also be aware of certain U.S. sanctions measures which may affect Peugeot in the wake of its partnership with GM. As you know, the U.S. government holds a 31.9% stake in GM. Pursuant to the terms of its agreement with Peugeot, GM is prepared to acquire a 7% stake in Peugeot. *The Wall Street Journal*, reporting on this proposed partnership stated that “the prospect of GM indirectly selling cars to Iran through an equity investment in Peugeot should raise major red flags in Washington.” There will certainly be significant concern among American taxpayers, given the fact that they provided the funds to save GM from certain bankruptcy in 2008. (*The Wall Street Journal*, "GM-Peugeot Alliance Could Contain Iran Tripwire," 3/2/12)

The GM and Peugeot partnership may also run afoul of OFAC sanctions under the Iranian Transactions Regulations (ITR). The ITR states that a product cannot be exported to Iran if 10% percent or more of the product comes from U.S. goods or technology. (*Iranian Transactions Regulations*, [§560.205](#) “Prohibited reexportation of goods, technology or services to Iran or the Government of Iran by persons other than United States persons; exceptions.”) Peugeot’s partnership with GM was created in order to share “vehicle platforms” and” auto parts” among Peugeot and GM, and also spur the creation of “a global purchasing joint venture.” It is therefore unlikely that Peugeot can guarantee that GM goods or technology will not be incorporated into Peugeot vehicles assembled in Iran.

More broadly, there are a number of compelling reasons for Peugeot to end its business activities in Iran. In the past few months, the international community has taken unprecedented steps to counter the grave threat posed by Iran acquiring nuclear weapons capability. Whether sanctions on Iran’s banking activities or the decision of the EU to curtail oil imports from Iran, the world is finally waking up to the reality that nuclear weapons in the hands of Iran’s radical leadership will fundamentally destabilize the region and dramatically increase the risk of a nuclear conflict. Just as important, there is growing evidence that this pressure is finally starting to have an impact. It is time now to put maximum pressure on Iran if we are to avoid a potentially devastating conflict, one that would no doubt spark a pernicious nuclear arms race in the world’s most volatile region.

Peugeot can be part of this global solution by following the lead of other companies and ending its business activities in Iran. In so doing, Peugeot can play an important role in denying funding to the IRGC as well as encouraging the regime in Tehran to change course from the dangerous path it is currently pursuing.

The Iranian regime is imperiling the long-term stability of the region, the security of the international community and its own citizens, as well as the entire nuclear nonproliferation regime. It is incumbent on all of us, private citizens, governments and corporations alike, to take concrete steps to oppose this ongoing and dangerous threat. Peugeot’s direct partnership with

Iranian entities controlled by the IRGC is exposing Peugeot, its investors and other partners including GM, to serious and irrevocable reputational harm. It is time for Peugeot to end its business in Iran.

Please let us hear from you by March 19, 2012 as to whether or not you will take action to end Peugeot's business in Iran.

Thank you for your immediate attention to this matter.

Very truly yours,



Ambassador Mark D. Wallace

cc: The Honorable Barack Obama  
President of the United States

The Honorable Joseph I. Lieberman  
Chairman, United States Senate Committee on Homeland Security &  
Governmental Affairs

The Honorable Susan M. Collins  
Ranking Member, United States Senate Committee on Homeland Security &  
Governmental Affairs

The Honorable John Kerry  
Chairman, United States Senate Committee on Foreign Relations

The Honorable Richard Lugar  
Ranking Member, United States Senate Committee on Foreign Relations

The Honorable Jon Tester  
United States Senate

The Honorable Robert Menendez  
United States Senate

The Honorable Peter T. King  
Chairman, United States House Committee on Homeland Security

The Honorable Bennie Thompson  
Ranking Member, United States House Committee on Homeland Security

The Honorable Ileana Ros-Lehtinen  
Chairman, United States House Committee on Foreign Affairs

The Honorable Howard Berman  
Ranking Member, United States House Committee on Foreign Affairs

The Honorable Howard P. McKeon  
Chairman, United States House Armed Services Committee

The Honorable Adam Smith  
Ranking Member, United States House Armed Services Committee

The Honorable Henry Waxman  
Ranking Member, United States House Committee on Energy and Commerce

The Honorable Steve Israel  
United States House of Representatives

The Honorable Ted Deutch  
United States House of Representatives

The Honorable Nita Lowey  
United States House of Representatives

The Honorable Carolyn Maloney  
United States House of Representatives

The Honorable Gary Ackerman  
United States House of Representatives

The Honorable Rob Andrews  
United States House of Representatives

The Honorable Steve Chabot  
United States House of Representatives

The Honorable Gerry Connolly  
United States House of Representatives

The Honorable Henry Cueller  
United States House of Representatives

The Honorable Susan Davis  
United States House of Representatives

The Honorable Tim Griffin  
United States House of Representatives

The Honorable Jim Himes  
United States House of Representatives

The Honorable Kathy Hochul  
United States House of Representatives

The Honorable Rush Holt  
United States House of Representatives

The Honorable Jerry Nadler  
United States House of Representatives

The Honorable Bill Owens  
United States House of Representatives

The Honorable Ed Perlmutter  
United States House of Representatives

The Honorable Adam Schiff  
United States House of Representatives

The Honorable Betty Sutton  
United States House of Representatives

The Honorable Bob Turner  
United States House of Representatives

The Honorable Leon E. Panetta  
Secretary of Defense, United States Department of Defense

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

The Honorable Mitt Romney  
Governor of Massachusetts

Bob King  
President, United Automobile, Aerospace and Agricultural Implement Workers of America

H.E. Ambassador François Delattre  
Ambassador of France to the United States

H.E. Gerard Araud  
Permanent Representative of France to the United Nations

H.E. Mohammad Khazaei  
Permanent Representative of The Islamic Republic of Iran to the United Nations

Thierry Peugeot  
Chairman of the Supervisory Board, PSA Peugeot Citroën

Jean-Philippe Peugeot  
Peugeot Vice-Chairman of the Supervisory Board, PSA Peugeot Citroën

Jean-Louis Silvant  
Vice Chairman of the Supervisory Board, PSA Peugeot Citroën

Grégoire Olivier  
Member of the Managing Board and Executive Vice President, Asia

Frédéric Saint-Geours  
Member of the Managing Board and Executive Vice President, Finance and Strategic Development, PSA Peugeot Citroën

Guillaume Faury  
Member of the Managing Board and Executive Vice President, Research and Development, PSA Peugeot Citroën

Daniel Akerson  
Chief Executive Officer and Chairman of the Board, General Motors