

January 7, 2013

Dr.-Ing. Georg Pachta-Reyhofen
MAN SE
Stadtbachstrasse 1
86153 Augsburg
Germany

Re: MAN SE and Iran

Dear Dr. Pachta-Reyhofen,

United Against Nuclear Iran (“UANI”) is writing to express its concern with MAN SE’s (“MAN”) business in Iran. MAN’s Iran business activities undermine U.S., EU, and UN sanctions as well as the global effort by responsible non-governmental actors to isolate Iran and degrade the regime’s ability to continue its illicit nuclear proliferation activities, maintain its floundering crude oil exports and provide support for its proxies and terrorist allies in the region, including the brutal Syrian regime.

UANI launched its Shipping Campaign in 2012 to compel international shippers, classification societies, P&I clubs and governments worldwide to cease their business with the Islamic Republic of Iran Shipping Lines (“IRISL”), the National Iranian Tanker Company (“NITC”) and the Iranian regime. The Iranian regime and its illegal nuclear weapons program are dependent on the international shipping industry for imports of sensitive technology and industrial goods as well as for the exports of oil needed to fund its illicit activities. Iran is also providing crucial support to the Syrian regime in the form of oil purchases, weapons and other material as it carries out its reprehensible campaign of repression against the Syrian people.

In response to UANI’s campaign, all members of the International Association of Classification Societies (“IACS”), including the China Classification Society, ClassNK, Bureau Veritas, Germanischer Lloyd, Russian Maritime Register of Shipping and Korean Register of Shipping, have ceased their classification of Iranian vessels. Furthermore, Barbados, Hong Kong, Moldova and Mongolia have recently ended their reflagging of Iranian vessels.

Despite these positive developments, a few irresponsible entities continue to provide valuable expertise, services and investment to the Iranian regime. For example, multiple sources, including MAN publications, state that a number of Iranian oil tankers are fitted with MAN Diesel & Turbo SE (“MAN Diesel & Turbo”) engines. Specifically, the Iranian tankers “Camellia” and “Majestic” are reportedly fitted with MAN B&W 6S70MC6 21 and 6S90MC-C22 engines, respectively. The Iranian tanker “Justice”, formerly the “Dadgar”, is also fitted

with a MAN Diesel engine, model 6S90MC-C19. (*TradeWinds*: "[IMO 9171462](#)"; MAN Diesel & Turbo: "[Diesel Facts 2008](#)"; Auke Visser's International Ships: "[Dadgar](#)")

Moreover, MAN Diesel & Turbo appears to be involved in the construction of 12 new Very Large Crude Carriers ("VLCCs") for the NITC. The vessels, which are being built in shipyards owned by the China Shipbuilding Industry Corporation ("CSIC") and the China State Shipbuilding Corporation ("CSSC"), will expand the NITC's carriage and storage capacity by up to 24 million barrels. (*Fars News Agency*, "[China Delivers First VLCCs to Iran](#)," 9/29/12) Specifically, MAN Diesel & Turbo appears to be supplying CSIC and CSSC with parts and technology to build low and medium-speed marine diesel engines, including the CMD-MAN B&W 7K90MC-C, CMD MAN B&W 8K98MC and CMD-MAN B&W 6S70MC models. Such marine diesel engines are necessary to power vessels like Iran's new VLCCs. (MAN Diesel & Turbo: "[Licensees](#)"; MAN Diesel & Turbo: "[MAN B&W Diesel and CSIC intensify cooperation](#)"; CSSC-MES Diesel Co., Ltd.: "[Product List: Low Speed Diesel Engine](#)")

The Iranian regime's seaborne export capacity is currently limited by restrictions on the provision of technical expertise and tanker replacement parts to Iran, as well as by the advancing age of the vessels in the NITC's fleet. MAN's work with the CSIC and CSSC supports the construction of VLCCs for the NITC fleet and will greatly assist the regime in overcoming such limitations. Put simply, MAN is assisting the Iranian regime's development of its most lucrative economic sector, the revenues from which go directly to fund the regime's nefarious activities, including its illicit nuclear program.

MAN should be aware of recent EU legislation that sanctions activities carried out in support of Iran's construction of new tankers. In October 2012, the EU passed Council Decision 2012/635/CFSP, officially sanctioning the NITC and prohibiting "the construction or the participation in the construction of new oil tankers for Iran," in addition to prohibiting the provision of "technical assistance or financing or financial assistance to the construction of new oil tankers for Iran or for Iranian persons and entities." (The Council of the European Union, "[Council Decision 2012/635/CFSP](#)," 10/15/12) MAN's involvement in the construction of Iranian VLCCs is in violation of these sanctions measures.

Further, UANI understands that MAN is directly cooperating with IRISL on the construction of at least five new vessels for the Iranian regime. The Persian Gulf Shipbuilding Corporation ("PGSC") is currently constructing two chemical tankers and three container ships for the NITC, IRISL and Hafiz Darya Shipping Co. ("HDS"), an IRISL front company. The vessels include the "Iran Fahim" (IMO: 9286140), "Iran Falagh" (IMO: 9286152), "Iran Kashan" (IMO: 9270696), "Sharhr E Kord" (IMO: 9270684), and "Shiba" (IMO: 9270646). All are built around MAN B&W MC-class two-stroke low speed diesel engines, including the modern 6S50MC-C and 6L70MC models.

MAN's Iranian partner in the construction of these vessels, PGSC (aka Iran Shipbuilding & Offshore Industries Complex Co, "ISOICO"), is a regime-owned entity heavily involved in Iran's petrochemical and shipbuilding industries. (Lloyd's List: "[Shipbuilders](#)"; ISOICO: "[About us](#)"; Iranwatch: "[IDRO](#)") MAN Diesel & Turbo also appears to have partnered with the Iran Heavy Diesel Engine Manufacturing Company ("DESA"), a regime-controlled corporation that

provides services to such sanctioned entities as the Iran Marine Industrial Company (“SADRA”) and the National Iranian Drilling Company (“NIDC”). (DESA, “[Company Introduction](#)”; MAN Diesel & Turbo, “[Where to Find Us](#)”) As you know, both ISOICO and DESA are subsidiaries of the Industrial Development and Renovation Organization of Iran (“IDRO”), an arm of the Iranian regime controlled by the Islamic Revolutionary Guard Corps (“IRGC”) and blacklisted by the U.S. and EU for its activities in a wide range of nuclear and military industries. In light of their connections to IDRO, MAN’s apparent partnerships with ISOICO and DESA are clearly unacceptable.

UANI’s concerns are not limited to MAN’s extensive business in Iran’s maritime sector.

UANI is also troubled that MAN sells vehicles to Iran through MAN Truck & Bus. (*Die Welt*, “[Deutsche Firmen weiter im Iran aktiv](#),” 3/10/10) MAN lists six Iranian dealers for its commercial vehicles and has reportedly been reluctant to end its business in Iran. (*Jerusalem Post*, “[Berlin bans sales of trucks to Sryia, Iran](#),” 6/23/09 and MAN Website, “[MAN Dealership Search: Iran](#)”) MAN should be aware that UANI recently announced its “Germany Campaign” (<http://uani.com/germany>), which highlights the extensive business activities of German firms and entities in Iran. MAN’s cooperation with Iran is therefore a part of the larger issue of German businesses bolstering the Iranian economy and expanding Iranian industrial capacity at a time when the international community is working to economically isolate the Iranian regime.

German-based MAN and its U.S.-based operations, MAN Diesel & Turbo North America, Inc. and MAN Diesel North America, Inc., should also be aware of recent U.S. sanctions legislation that could seriously affect their U.S. and international operations. On August 10, 2012, President Barack Obama signed into law the *Iran Threat Reduction and Syria Human Rights Act of 2012*, which imposes penalties on entities that assist Iran in evading sanctions. Specifically, Section 211 calls for the sanctioning of any person that “knowingly sells, leases, or provides a vessel or provides insurance or reinsurance or any other shipping service for the transportation to or from Iran of goods that could materially contribute to the activities of the Government of Iran with respect to the proliferation of weapons of mass destruction or support for acts of international terrorism.” (U.S. Federal Register: “[Iran Threat Reduction and Syria Human Rights Act of 2012](#)”)

MAN’s business with the Iranian regime and support for Iranian shipping is especially galling in light of its substantial business in the U.S. and contracts with the United States government (“USG”). MAN has received over \$44 million in USG contracts since 2000. (USASpending.gov: [MAN Diesel and Turbo North America](#)) Members of the U.S. Congress and the American public-at-large will not react favorably to reports that MAN, a recipient of U.S. taxpayer dollars, is providing invaluable services and expertise to the Iranian regime.

The international community has taken unprecedented steps to counter the grave threat posed by Iran’s illicit nuclear weapons program. Concentrated international pressure on the Iranian regime, particularly its shipping industry, has had a profound impact in driving Iran to the negotiating table. In the past year, Iranian oil exports have been cut in half and Iran’s economy faces rampant inflation. Now is the time to exert maximum pressure on Iran if we are to avoid a potentially disastrous conflict in the world’s most volatile region.

It is incumbent on all of us – private citizens, governments and corporations alike – to take concrete steps to oppose this ongoing and dangerous threat. Please let us hear from you by January 17, 2013 concerning MAN's intentions regarding its business with Iran.

Thank you for your immediate attention to this matter.

Very truly yours,

A handwritten signature in black ink that reads "Mark Wallace". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Ambassador Mark D. Wallace

cc: 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

Ambassador Phillip D. Murphy
United States Ambassador to the Federal Republic of Germany

Ambassador Peter Ammon
Ambassador of the Federal Republic of Germany to the United States

Wolfgang Betz
General Counsel, MAN SE

Dr. René Umlauf
Chief Executive Officer, MAN Diesel & Turbo SE

Prof. Dr. Ferdinand K. Piëch
Chairman of the Supervisory Board, Volkswagen AG

Prof. Dr. Martin Winterkorn
Chairman of the Board of Management, Volkswagen AG