

Congress of the United States
Washington, DC 20515

July 14, 2010

The Honorable Robert Gates
Secretary
Department of Defense
1100 The Defense Pentagon
Washington, DC 20301

RE: Kuwaiti firm KGL's participation in upcoming procurements

Dear Secretary Gates:

It is our understanding that the Kuwaiti transport and logistics firm Kuwait & Gulf Link Transport (KGL) has or likely will submit proposals for procurement opportunities issued recently, or to be issued soon, by the Department of Defense for transport and logistical services for U.S. operations in the Persian Gulf region. We are writing to bring to your attention the relationship between KGL and designated Iranian entities, and possible trade with Iran that would make KGL ineligible for federal contracts after the implementation of recently enacted Iran sanctions legislation.

According to KGL's own website and news reports, KGL is reportedly involved in a joint venture with Iran's government shipping line, IRISL, through IRISL's Al Fajr Valfajr subsidiary. IRISL and several affiliated entities were designated by the Treasury Department in September 2008 under Executive Order 13382 for activities related to the proliferation of weapons of mass destruction. Moreover, according to the same news reports, KGL is expanding business in Iran in several sectors.

Given KGL's role in facilitating trade between Iran and its neighbors through transport, port operation and logistical services, it is likely that some of KGL's activities in and with Iran are energy-related, including possibly the delivery of refined petroleum products from around the Gulf region to Iran. Such activity could make KGL ineligible for contracts with the U.S. government. As you may know, the *Comprehensive Iran Sanctions, Accountability and Divestment Act* includes provisions that require the imposition of sanctions on firms that transfer refined petroleum and/or conduct certain other energy-sector trade with Iran.

The new law also includes a requirement that any prospective federal contractor certify that it conducts no activities sanctionable under Section 5 of the revised *Iran Sanctions Act*, including the provision of refined petroleum to Iran. Given the reported breadth of KGL's activities in and with Iran, it would appear that KGL would not be able to certify its compliance with the *Iran Sanctions Act*.

Of course, the needs of our troops are our paramount concern. However, we respectfully request that you direct contracting officials with the Department to investigate the nature of the relationship between KGL and its affiliates and designated Iranian entities, as well as the nature of trade that KGL facilitates with Iran. If appropriate, and consistent with the needs of our troops, we urge you to disqualify KGL and its family of companies from future procurement with the Department of Defense and to procure the needed services from other qualified bidders that do not engage in joint venture partnerships with an Iranian company banned by the U.S. Treasury Department for proliferation activities.

Sincerely,



BRAD SHERMAN
Member of Congress



RON KLEIN
Member of Congress