

Failure of Iran Sanctions

More than four years have passed since Iranian Foreign Ministry spokesman Hassan Qashqavi's December 2008 statement that "Iran will never suspend uranium enrichment." His prediction now seems mostly accurate and, in fact, Iran has accelerated its enrichment activities, announcing in January 2013 the intention to install more sophisticated centrifuges in its Natanz plant to speed up the enrichment process.

"We haven't really moved one inch toward addressing the issues," [Mohamed ElBaradei](#), then director-general of the International Atomic Energy Agency told the *Los Angeles Times* in 2010. In a 2012 interview with the Financial Times of Germany, Yukiya Amano, new director general of the IAEA, announced that "what we know [about Iran's nuclear program] suggests the development of nuclear weapons."

The entire world seems to agree that [Iran](#) should not be allowed to develop nuclear weapons. Since the military option to deter Iran is a scenario that few want, or believe can work, the principal tactic that has been adopted to prevent Iran from creating a bomb is sanctions. Sanctions, imposed either unilaterally or multilaterally, are a peaceful and diplomatic avenue to make hardships for the regime - both economically and politically - to put them in a situation where a choice must be made between continuing the nuclear program or watching their country suffer. These sanctions have been internationally accepted since the adoption of the UN's [Security Council Resolution 1737](#).

The [United States](#) and European Union have been the biggest supporters of sanctions against the Iranian regime and have been passing bills to impose sanctions for a number of years. Through the West's leadership, many international shipping agencies, traders, bankers and global insurance companies have also pulled their dealings with Iran.

Unfortunately, though, these moves have so far done little to deter [Iran](#) from its nuclear ambitions.

Despite the failure of three rounds of sanctions, [Obama Administration](#) officials said in January 2010 they intended to press for a new round of sanctions even as Russia and China continue to balk at the idea. Meanwhile, in early February 2010, Obama announced new unilateral sanctions by the United States, freezing "the assets in U.S. jurisdictions of a Revolutionary Guard general and four subsidiaries of a construction firm he runs for their alleged involvement in producing and spreading weapons of mass destruction." A day later, Iran announced it had begun enriching uranium to a higher level of purity, 20 percent, which is a step closer to producing weapons-grade uranium.

Former CIA director Leon Panetta said that while sanctions carry the possibility to create serious economic problems and weaken the Iranian government, they do little to deter Iran's "ambitions with regards to nuclear capability." Israeli Prime Minister [Benjamin Netanyahu](#) said that sanctions have not done nearly enough to affect a change in Iran's nuclear program and, in testimony before a Senate intelligence committee in February 2012, CIA Director James Clapper said, "The sanctions as imposed so far have not caused [Iran] to change their behavior or their policy."

While the efficacy of the sanctions themselves is debatable, they are doomed for failure if not implemented correctly and unwaveringly supported. The United States, though, has had issues fully implementing sanctions against Iran.

The [Congress](#) has passed a number of bills and the [White House](#) numerous executive orders regarding Iran sanctions - - in [June 2010](#), [November 2011](#), [February 2012](#), and [July 2012](#), to name a few - but the efficacy of these bills have been severely weakened by loopholes or waivers attached to them allowing the U.S. to delay their implementation. President Obama's [Executive Order 13590](#), imposing sanctions on Iran's central bank, was delayed more than six months out of fear it would stimulate rising oil prices. Moreover, in March 2012, President Obama granted exemptions to Japan and ten European nations to allow them to continue doing limited business with Iran.

To date, no U.S. Administration has fully implemented any of the sanctions against Iran in place since [1996](#).

Likewise, European Union sanctions have fallen mostly on deaf ears. The EU has at times been unable to completely restrain nations from dealing with Tehran and, more importantly, Iran has been one of Europe's major foreign oil exporters. This need for crude oil has allowed Iran the maneuverability to get around sanctions, as profit from sales lessens the financial impact of sanctions. In January 2012, however, the EU finally passed an "unprecedented" resolution to embargo all Iranian oil and, to support its implementation set to begin in summer 2012, [Saudi Arabia](#) has promised to fulfill Europe's gas needs.

Also minimizing the impact of sanctions are UN member nations that supported [Resolution 1737](#) in 2006 but continue to trade with Iran, proving to Iranian leaders that UN resolutions and international threats need not be taken seriously. [Russia](#), [China](#), [Turkey](#) and [India](#), for example, have helped the Iranians steer clear of the negative consequences that sanctions place on its economy. In April 2012, Turkey and India announced that they are looking to lower their trade levels with Iran, however Russia and China both vigorously oppose sanctioning the regime. In 2012, Russia's Foreign Ministry said that sanctions are "deeply mistaken policy" and would be unlikely for Iran to "make any concessions or any corrections to its policies" because of sanctions.

History also works against the success of sanctions. As Simon Henderson noted, "Iran is unlikely to give up its nuclear program after seeing what happened to Qaddafi and Saddam Hussein, who were both driven from power, after acceding to international pressure to give up their nuclear ambitions" Simon Henderson.

Developments in the Failure of Sanctions:

March 2013:

- A partial tally of the business between U.S. companies and Iran for 2012 found a disturbingly high amount of trade. US-listed companies made more than \$540 million in gross revenue and \$15.5 million in profits from their business with Iran in 2012 — and that's only counting 30 or so large companies that made disclosures since mid-February 2013. While the numbers underscore the difficulty of maintaining tight sanctions in a global economy they also hide a lot of nuance and variation: Companies based outside the US accounted for 99% of the revenue and three-quarters of the profit; \$414 million in revenue came from Statoil ASA, the Norwegian oil and gas company that works with the National Iranian Oil Company; biggest disclosure by a US company came from auto-parts maker TRW Automotive Holdings, which said it collected \$8.3 million in revenue and \$377,000 in profits from non-US subsidiaries that sold products to Iranian companies. Dell, the Texas computer company, disclosed a whopping \$169.90 in revenue from Iran.

(Quartz, March 28)

- Trade between the United Arab Emirates (UAE) and Iran fell by nearly a third from 2011 to 2012 as Western sanctions finally began to affect this main avenue of trade for the Islamic Republic. Iran and the UAE have been close trade partners for decades. While banks in the UAE were slow to initially follow suit with sanctions, given their dependence on the strong revenue stream during the tough times since the financial crisis triggered a collapse in the real estate markets of Dubai and then Abu Dhabi, years of U.S. lobbying has led to more strictly enforced regulations.

(Financial Times, March 26)

- While South Korea announced that it has dramatically decreased the pace of its crude-oil imports from Iran, Chinese officials say that their Iranian oil imports continue unabated. Imports of oil by South Korea were down 30% in February 2013 compared with February 2012 and down 25% versus January 2013, according to preliminary data from state-run Korea National Oil Corp. China, meanwhile, saw its imports from Iran rise by 2.7% in the first two months of 2013



after rising by 74% on year to 2 million tons.

[Wall Street Journal](#), March 22)

- Fifty-six members of the U.S. House of Representatives sent a letter to Treasury Secretary Jack Lew and Secretary of State John Kerry urging them to take action against Iranian reflagging, a tactic that Iran uses to disguise the origin of vessels carrying illicit goods to and from Iran. The letter, sponsored by Reps. Peter Roskam (R-IL) and Rep. Ted Deutch (D-FL), calls on State and Treasury to "seriously consider sanctioning registries that knowingly participate in efforts to reflag oil tankers and cargo vessels" operated by designated Iranian companies.

[House of Representatives](#), March 13)

- According to a report from the International Atomic Energy Agency (IAEA), Iranian oil shipments advanced 13 percent in February 2013 even as the U.S. implemented additional sanctions complicating sales from the Islamic Republic. Countries purchased 1.28 million barrels a day from Iran that month, compared with an 1.13 million barrels daily in January 2013. "The only thing clear is that the current stalemate between Iran and the West is unsustainable," the IEA said in the report. "Sooner or later, something has to give."

[Bloomberg News](#), March 13)

- An investigation conducted by the federal prosecutor's office of Germany revealed that Iranian front companies based in Istanbul had transported 941 items with nuclear applications through Turkey. According to the report, German police detected that materials with nuclear applications obtained in Germany and India were transported to the Mitech company in Iran through Turkey by an Iranian national, Hossein Tanideh. Mitech is under US and European Union-imposed sanctions. Turkish police found out that 91 items with nuclear applications were sent, on seven occasions, to Iran from Germany via Turkey, while 856 nuclear items were sent, on four occasions, from India to Iran via Turkey.

[Today's Zaman](#), March 12)

- Trade between Iran and China dropped by 18 percent in 2012, to \$37 billion, due to a number of banking sanctions imposed on the Islamic republic. "Iran-China trade fell to \$37 billion in 2012 from \$45 billion in 2011," Assadollah Asgaroladi, director of the Sino-Iranian Chamber of Commerce, was quoted as saying. "Iranian exporters and importers who are seeking increase in trade volume are facing banking problems."

[Agence France-Presse](#), March 4)

- A Chinese businessman indicted in the United States over sales of missile parts to Iran is still making millions of dollars from the trade, say security officials who monitor compliance with Western and U.N. sanctions. Businessman Li Fangwei has earned at least \$10 million from illegal sales to Iran since his indictment by the New York County District Attorney in 2009. Li's alleged activities may point to Iran's ability to circumvent Western sanctions. A U.S. State Department

official said Li had been sanctioned because of his "proliferation to Iran" since 2009.

[Reuters](#), March 1)

February 2013:

- Bipartisan legislation was introduced to both Houses of the U.S. Congress calling for greatly expanded sanctions on Iran, amounting to what would potentially be a commercial trade embargo if fully carried out. The measure looks to build on existing laws that restrict business dealings with Iran, widen the list of blacklisted Iranian companies and individuals and potentially block Iran's access to foreign bank assets held in euros. The legislation - called the Nuclear Iran Prevention Act - would also penalize foreign companies and individuals that violate the American sanctions by threatening them with restrictions on doing business with the United States.

[New York Times](#), February 27)

- A bipartisan group of 36 U.S. Senators - including Diane Feinstein [D-CA] and Marco Rubio [R-FL] - wrote a strongly-worded letter to the European Council, urging the bank to deny Iran access to its Euro-denominated foreign exchange reserves by stopping the Islamic Republic from using the "Target2" clearing system. "We are writing to request your immediate support in close a significant loophole in US-EU sanctions policy," said the letter. "We strongly urge you to take all necessary measures to immediately cut off Iran's ability to use its foreign-held euros by prohibiting direct or indirect access to Target2 services by or on behalf of accounts owned or controlled by the Government of Iran or its affiliates. We are concerned that these euro conversions in turn free up significant funds to finance Iranian imports, stabilise Iran's monthly budget and allows the regime to continue to engage in sanctionable and illicit activities."

[The Telegraph](#), February 26)

- According to details released from a confidential report of the International Atomic Energy Agency (IAEA), Iran has already begun installing roughly 180 advanced IR-2M centrifuges at its main uranium enrichment plant in Natanz. While the centrifuges were not yet operational, such machines could enable Iran to significantly speed up its accumulation of material that could be used to make a nuclear weapon. Iran alerted the IAEA in January 2013 of its intention to upgrade the Natanz enrichment facilities.

[Jerusalem Post](#), February 22)

- According to a Gallup poll conducted in Iran during December 2012, a majority of Iranians (56%) say sanctions the United Nations, the U.S., and Western Europe imposed on the Islamic Republic have hurt their personal livelihoods a great deal. However, a majority of Iranians (63%) are also seemingly willing to pay the high price of sanctions and say that Iran should continue to develop its nuclear program, even given the scale of sanctions. One in two Iranians supported their country developing its own nuclear power capabilities for nonmilitary uses. Only 1 in 10 Iranians says their own government is most to blame for sanctions.

[Gallup World](#), February 11)

- Iran announced the purchase of two oil supertankers from China, each having the cargo carrying capacity of 2 million barrels of crude oil, and three other smaller ships which all joined the Iranian fleet at the beginning of 2013. The Atlantis and the Infinity oil tankers were part of a \$ 1.2 million agreement between Iran and Chinese shipbuilding companies signed in 2009, under which 12 oil tankers are to be built.

[Iranian Students' News Agency](#), February 8)

- With sanctions still hurting Iranian oil exports to the West, the Islamic Republic and Pakistan announced the start of construction on a gas pipeline scheduled to be completed by December 2015. The Iran-Pakistan pipeline, projected to cost \$1.2-1.5 billion, will export 21.5 million cubic meters of Iranian natural gas per day to Pakistan when it comes on stream. Iran has pledged to secure \$500 million to complete the Pakistani section of the project and the rest will be provided by the Pakistani government.

[Tehran Times](#), February 7)

- A European Union court ruled that the EU should lift sanctions it imposed on one of Iran's largest banks, the second such judgment that could complicate Western efforts to increase pressure on the Islamic Republic. In its ruling, the EU's General Court said the EU had failed to provide sufficient evidence that Bank Saderat was involved in Iran's nuclear program when the bloc targeted it with sanctions starting in July 2010. Earlier, the court issued a similar ruling about of Bank Mellat, the biggest private sector lender in Iran.

[Reuters](#), February 6)

January 2013:

- In a letter dated January 23, the Atomic Energy Organization of Iran (AEOI) informed the United Nations that it was planning to upgrade its uranium enrichment plant at Natanz by installing more advanced centrifuges, the IR2M. The new centrifuge can enrich two or three times faster than the present equipment being used by Tehran, according to the Associated Press. The International Atomic Energy Agency (IAEA) sent a letter to member states saying Iran had informed the agency of its plans to use the improved machines at its fuel enrichment plant in Natanz.

[BBC News](#), January 31)

- Industry sources, quoting shipping and customs data, said that Iran's crude oil exports in December 2012 were at their highest level since the imposition of European Union sanctions on Iran's energy sector in Summer 2012. Experts warned that increased demand from China, India and Japan have allowed the Islamic Republic to boost its exports. Overall, Western sanctions against Iran have succeeded in halving Iran's oil exports from 2011 to 2012, causing the loss of billions of dollars in revenue, however there is no consensus whether the sanctions are actually affecting Iran's nuclear program. "We continue to engage in close consultations with our

international partners on U.S. sanctions with the objective of maintaining pressure on Iran to comply with its international obligations," said U.S. State Department spokesman John Finn.

([Reuters](#), January 31)

- Japanese police arrested two men and one woman for sending money to an Iranian shipping company in violation of sanctions against the Islamic Republic. The funds are believed to have been wired to a firm that is involved with Iran's nuclear weapons program. The three suspects, who work for the Ben Line Agencies Japan shipping company, have denied the charges that they sent 14 million yen (~\$160,000) to a Singapore-based company with known connections to the government-backed Islamic Republic of Iran Shipping Lines (IRISL). Investigators say these are Japan's first arrests made in relation to sanctions on Iran.

([Japan Daily Press](#), January 23)

- Vali Nasr, dean of the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University in Washington D.C., said during the World Economic Forum in Davos that the sanctions regime against Iran over its nuclear activity "really has reached its end." He later added, "you really are looking at a scenario where Iran is going to rush very quickly towards nuclear power, because they also think, like North Korea, that (then) you have much more leverage to get rid of these sanctions."

([Associated Press](#), January 23)

- Adam Szubin, director the US Treasury Department's Office of Foreign Assets Control, which supervises American enforcement of sanctions on Iran, said that despite the economic sanctions levied against the Islamic Republic, Tehran is still finding some ways to bypass them. Szubin noted that the Iranians were using private exchange houses and trading companies in other countries, masking transactions with fake identities and relying on the paperless practice known as hawala, common in parts of the Middle East and Asia, in which money is transferred informally and often illegally through trustworthy couriers. "This is an evolving and emerging threat," Szubin said. "Two years ago we saw little of this because Iran was able to find banks that were able to handle its business."

([New York Times](#), January 10)

- Israeli Finance Minister Yuval Steinitz visited Washington to press senior US officials to lay out a tougher line on the Islamic Republic's nuclear activities. The time has come for President Barack Obama to give Iran a "very clear ultimatum, very clear deadline combined with a very credible also military threat" Steinitz told a group of reporters before planned meetings with Secretary Timothy F. Geithner and other administration officials. Steinitz said he would discuss with Geithner and other White House and State Department officials what Israel perceives as loopholes in sanctions and Iran's efforts to subvert legal restrictions.

([Jerusalem Post](#), January 8)



- Gholam Reza Kateb, head of the Iranian parliament's budget committee, said oil exports have dropped 40 percent in the last nine months and revenues from the oil and gas exports have dropped by 45 percent. He said the reduction is in direct correlation to the sanctions levied on Iran over its nuclear program. Despite the significant hit to Iran's economy, its leaders have given no indication that they might give in to the pressure and scale back their nuclear development program.

([Washington Post](#), January 7)

- On January 3, US President Barack Obama signed into law the 2013 National Defense Authorization Act, including additional sanctions levied against Iranian energy, shipping and shipbuilding sectors as well as Iran's ports, blacklisting them as "entities of proliferation concern." The bill, HR 4310, passed both houses of the Congress in December 2012 and was signed by President Obama without amendment on any of the Iran-related sections. The bill also imposes penalties on anyone caught supplying precious metals to Iran and sanctions on Iranian broadcasting. Additionally, the bill targets the state broadcast network, called the Islamic Republic of Iran Broadcasting, which the law says violated human rights by broadcasting forced confessions and show trials. The law orders the U.S. Treasury to slap sanctions on Islamic Republic of Iran Broadcasting and its president, Ezzatollah Zargami.

([Wall Street Journal](#), January 3)

December 2012:

- The U.S. put new sanctions on Iran that targeted a handful of companies and individuals purportedly giving materials and technology to Iran's nuclear program. Among those targeted are Professor Fereydoun Abbasi Davani, who heads the Iran Atomic Energy Organization. The companies on this sanctions list are: FaraTech, the Neda Industrial Group, Aria Nikan Marine Industry, Towled Abzar Boreshi, Iran Pouya, Terjerat Gostar, and Tarh O Palayesh.

([CNN](#), December 14)

- Canada amended its Special Economic Measures: Iran Regulations to list an additional 98 entities associated with the Iranian regime as designated persons. The amendment increases the pressure on entities that support Iran's nuclear program including but not limited to the Iranian Revolutionary Guard Corps and the Basij paramilitary organization. These measures also target economic sectors that indirectly support or provide funding to the Iranian nuclear program, such as oil and gas, mining, metals, and shipping. Finally, the amended regulations help further to isolate Iran from the global financial infrastructure.

([CTV News](#), December 11)

November 2012:

- The U.S. Senate unanimously approved new sanctions on Iran's energy, port, shipping and non-shipping sectors in yet another move to pressure Tehran over its nuclear program. "We must be clear to the Iranians that toughing it out and waiting it out is not an option, that it will only get worse," said Democratic Senator Robert Menendez, who co-sponsored the sanctions bill with Republic Senator Mark Kirk and Independent Senator Joe Lieberman. The sanctions include measures aimed at stopping the flow of gold from Turkey to Iran but maintains exemptions for countries that have yet to make significant cuts to their purchases of Iranian crude oil.

([Haaretz](#), November 30)

- In late November, Turkish Deputy Prime Minister and top economic policy make Ali Babacan announced that his country has sidestepped US and European sanctions against Iran by paying for natural gas imports with gold. "In essence, gold exports [to Iran] end up like payments for our natural gas purchases," Mr. Babacan said. "Turkey is depositing the payment for the gas we purchase from Iran to Iran's account in Turkey." Western sanctions against the Iranian energy sector bans the Islamic Republic from receiving payments for gas exports in dollars or euros and Turkey's announcement sheds light on how countries breach the international sanctions regime.

([Wall Street Journal](#), November 23)

- The U.S. Treasury Department imposed sanctions on 17 Iranian individuals and entities involved in the government's censorship activities and support for terrorism. They include Ali Fazli, deputy commander of the Basig militia that has attacked websites; Reza Taghipour, minister of communications and information technology, who was responsible for jamming satellite television and blocking internet connectivity; and Rasool Jalili, who was involved in trying to obtain Internet monitoring equipment. Iran's Center to Investigate Organized Crime was also sanctioned for helping the government censor websites and identify opposition activists, while the Ministry of Culture and Islamic Guidance as well as the Iranian Press Supervisory Board were also sanctioned.

([Bloomberg](#), November 8)

October 2012:

- The European Union banned the import of Iranian natural gas into EU countries in an effort to raise the pressure on Iran in hope of enticing the country to come to the negotiating table ready to discuss its nuclear program in earnest. This latest step is part of a new round of sanctions against Iran's banking, shipping, and industrial sectors. In the announcement, EU ministers expressed "serious and deepening concerns" over Iran's nuclear progress and underlined that "the restrictive measures agreed [to] are aimed at affecting Iran's nuclear program and revenues of the Iranian regime to fund its program and are not aimed at the Iranian people."



- A leading European satellite provider took 19 Iranian television and radio broadcasters off the air due to EU sanctions punishing human rights abusers.
- The International Monetary Fund (IMF) projected that Iran will be able to lower its currently high inflation rate despite Western-imposed sanctions. According to the IMF's semi-annual World Economic Outlook, Iran's economy will not collapse as a result of the strong rounds of economic sanctions, even though they are hurting its oil exports severely. However, much of the IMF analysis is based on information provided by the Iranian government, which may not be entirely accurate. Additionally, the report was filed before the Iranian currency, the rial, plummeted by roughly a third against the dollar in a mere 10 days through October 2. Nevertheless, IMF experts estimate that Iranian unemployment will decline next year and that the country will experience a surplus of 2.4% GDP this year and 1.3% next year.

September 2012:

- In spite of the European Union's inclusion of Iran on its sanctions list, the German Academic Exchange Service (or Deutscher Akademischer Austausch Dienst, i.e. DAAD) signed a memorandum of understanding with Iran's Science, Research, and Technology ministry. DAAD acts with the approval of Germany's Foreign Ministry, so this latest development seems to indicate an uneven policy from Berlin vis-a-vis Iran's nuclear program.
- Iranian chief nuclear scientist Fereydoon Abbasi admitted to the Arabic daily newspaper *Al-Hayat* that the Iranian government has repeatedly in the past provided false information to international agencies such as the IAEA in order to protect its nuclear program. Abbasi did not specify the nature of the false information nor did he say when it had been presented. Accusing foreign intelligence services, such as Britain's MI6 of spying on Iran's nuclear program, Abbasi said, "We presented false information sometimes in order to protect our nuclear position and our achievements, as there is no other choice but to mislead foreign intelligence ... sometimes we present a weakness that we do not in fact really have, and sometimes we appear to have power without having it."
- Despite sanctions aimed at slowing Iranian progress to develop nuclear weapons, a report released by the IAEA shows that Iran added 1,076 centrifuges to their Fordow enrichment facility, which already had 1,064. Additionally, the Islamic Republic has now amassed nearly 438 pounds of 20% enriched uranium at both the Fordow and Natanz plants. At the same time, Iran is sharply increasing its capability to produce more rapidly the 20% enriched uranium and to go even higher to the 90%, weapons-grade level.
- The United States extended exemptions from sanctions on business with Iran to Japan and 10 European countries because they have significantly reduced their purchases of petroleum from the Islamic Republic. The US originally granted these 11 nations exemptions from sanctions in March 2012 as a way of forcing them to reduce their reliance on Iranian oil. The new extensions

will enable banks in Belgium, Britain, Czech Republic, France, Germany, Greece, Italy, Netherlands, Poland, Spain and Japan to continue working with Iran without facing penalties for at least another 180 days.

- Despite what the United States and European Union call some of the toughest economic sanctions ever imposed, Iran is still finding legal ways to sell or barter oil to its most important markets in Asia. To continue selling crude oil to India, Tehran is accepting payment in rice, medicine, engineering supplies and steel. To sell to China, the Islamic Republic is delivering the oil on its own tankers backed by state insurance, not on the commercial tankers used in the past. And to deliver to Japan, Iran is having the Japanese furnish the multibillion-dollar marine insurance its ships need to carry Iranian oil.

- Russia and China joined the four major Western powers - the U.S., France, Germany and Britain - at an IAEA meeting to increase diplomatic pressure on Iran regarding its nuclear weapons program. The six world powers agreed on a draft resolution at the U.N. nuclear agency that admonishes Iran over its ever-growing uranium enrichment program and elucidates their preference for a peaceful resolution to the current dispute.

- The European Union began consideration of a new round of sanctions against Iran due to its continued drive towards amassing a nuclear weapons capability. Despite Russian protests that sanctions have become "extra-territorial" in nature and are harming its own business interests, EU foreign ministers spoke of the need to increase pressure on Iran for failing to make progress in negotiations over its nuclear program. French Foreign Minister Laurent Fabius said, "we consider unacceptable, highly dangerous, the prospect of Iran possessing nuclear weapons." "Atomic weapons in Iran are not acceptable," added German Foreign Minister Guido Westerwelle.

August 2012:

- Prosecutors in the United States believe they unearthed evidence in recent international money-transfer investigations that Chinese banks have flouted Western sanctions against Iran by funnelling billions of dollars through US and UK branches. The two London-based banks, HSBC and Standard Chartered, have extensive business in Asia and executives refused to comment on the allegations.

- Documents obtained by the UK's *The Sunday Telegraph* in Quito, Ecuador, reveal that detailed plans were drawn up to establish substantial banking mechanisms between Ecuador and Iran, even though they lie 8,000 miles apart and have only the tiniest of trade links. The new financial ties have prompted suspicions that the real intention is to help Tehran circumvent sanctions by channelling funds through Quito. "The trading links between the two countries are marginal, so this new orientation by our government can only be explained in ideological terms or hidden deals," said Cesar Montufar, an opposition leader who first helped reveal the Iranian ties last month.



- Iran began constructing a \$300 million anti-aircraft missile base near the Southern Iranian city of Abadeh; the facility is scheduled to host 7 battalions, according to at top commander. Furthermore, Iranian Defense Minister General Ahmad Vahidi said by March 2013, Iran will commission a new generation of fighter jets, missiles, unmanned drones and submarines.
- German police arrested four men suspected of delivering valves for a heavy water nuclear reactor to Iran, breaking a European embargo on such exports to the Islamic Republic. "In 2010 and 2011 the suspects are believed to have helped in the delivery of special valves for the construction of a heavy water reactor in Iran and therefore to have broken the Iran embargo," prosecutors said in a statement on Wednesday.

July 2012:

- President Barack Obama signed an Executive Order authorizing expanded sanctions on Iran through the 2012 National Defense Authorization Act (NDAA) to make sanctionable the conducting or facilitating of business with a private or public foreign financial institution for the purchase of Iranian oil. This sanction is designed to deter Iran or any other country from establishing payment mechanisms for the purchase of Iranian oil to circumvent the NDAA sanctions. Additionally, existing sanctions on Iran's petrochemical industry are expanded by making sanctionable significant transactions for the purchase or acquisition of Iranian petrochemical products. Mark Dubowitz of the Foundation for Defense of Democracies explains the timing: "To demonstrate that the administration can be proactive and not just reactionary on sanctions and to deal with the criticism that Congress has forced the administration into adopting the most forceful measures which, after initially rejecting, the administration is now embracing enthusiastically and touting their efficacy."
- U.S. Defense Secretary Leon Panetta acknowledged that increasingly stiff international sanctions have yet to compel Iran to give up its nuclear ambitions. "These sanctions are having a serious impact in terms of the economy in Iran," Panetta told reporters during a visit in Tunisia. "And while the results of that may not be obvious at the moment, the fact is that they have expressed a willingness to negotiate and they continue to seem interested in trying to find a diplomatic solution," he said. Panetta also argued that more pressure eventually would lead Iran to "do what's right."
- The International Institute for Strategic Studies released a report that said sanctions on Iran - specifically those imposed by the United States since December 2011 and by the United Nations Security Council since June 2010 - have stymied efforts by the Islamic Republic to develop and produce long-range ballistic missiles capable of striking potential targets in western Europe and beyond. The report noted that sanctions have not worked to slow uranium enrichment processes or prevented Iran from stockpiling fissile material, however, without access to the key propellant

ingredients and components needed to produce large solid-propellant rocket motors, Iran will be halted in its ability to produce the weapons.

- An Israeli legal organization warned British satellite company Immarsat that it would pursue legal action against the company if it continued to provide guidance systems to Iranian commercial and military vehicles. According to the Shurat HaDin, the Ramat Gan-based legal group, Immarsat continues to provide critical services to Iran despite sanctions on such business imposed by the United States and European Union. A letter to Immarsat stated that Shurat HaDin wrote told the company to stop providing mobile satellites or risk "civil liability from American citizens or others who suffer as a result of Iran's international sponsorship of terrorism."

- The United States imposes additional sanctions on Iran's nuclear and ballistic missile proliferation networks, aiming to prevent the Islamic Republic from evading the effects of sanctions by targeting individuals, companies, and banks that do business with Iran. The Treasury and State Departments designated 11 entities and 4 individuals as part of a network of proliferators headed by Iran's Ministry of Defense for Armed Forces Logistics (MODAFL) and its subsidiary, Aerospace Industries Organization (AIO). The new sanctions also publicly exposed numerous front companies, ships and banks that work for the government of Iran.

- A list released of German companies conducting bilateral trade with Iran, including the selling of "dual-use" products, shows that trade continued unabated between the two countries until at least the end of calendar year 2011. Merchandise that can be used for military and civilian purposes falls under the rubric of "dual-use" goods. Germany is part of the P5+1 who have been making efforts to sanction the Islamic Republic, however Germany's Federal Statistical Office said that bilateral trade with Iran in 2011 totaled nearly 4 billion Euros.

June 2012:

- South Korea announced that it will halt all oil imports from Iran as a result of the EU ban on insuring shipments of Iranian crude. South Korea's government had been in talks with the EU to extend exemptions for South Korea, which imported about 9 percent of its oil from Iran in 2011, however the EU Council said exemptions from Iran sanctions will end on July 1 as scheduled. In 2011, South Korea imported 87 million barrels of Iranian crude, up 20 percent from 2010.

- The European Union agreed that the oil ban against Iran will come into force as planned on July 1. Commenting on the move, UK Foreign Secretary William Hague said: "Today the EU has agreed that the oil ban against Iran will come into force as planned on the 1 July. This is an important step and one for which the UK Government has argued strongly ... these restrictive measures are the toughest ever adopted against the Iranian Government. They reflect the international community's resolve, and our determination, to intensify the peaceful pressure on Iran until it starts to build confidence that its nuclear programme is purely peaceful."



- Records released in China showed that the Asian country more than doubled its imports of Iranian oil during April and May of 2012, a spike that effectively reverses the belief that China was starting to fall in line with Western efforts to sanction Iran. Shippers in China, as well, have begun to capitalize on the Western sanctions, increasing their business with Iran and guaranteeing the Islamic republic's crude export shipments.

May 2012:

- The [IAEA](#) released a [report](#) that confirmed Iran is still moving ahead with its uranium enrichment work in defiance of Security Council resolutions and despite Western efforts to impose sanctions in order to cut off Iran's nuclear program.. The IAEA report shows that Iran has significantly increased its production of 3.5% low-enriched uranium (has amassed nearly 750kg more than what was reported in the previous IAEA report), that it continues to stock 19.75% low-enriched uranium, and that its IR-1 centrifuge performance is increasing. According to independent analysis by the Institute for Science and International Security (ISIS), the report means that Iran has enough enriched uranium to fill five nuclear bombs if refined much further.

- China imported nearly 390,000 barrels of Iranian oil per day, a 48% from March 2012, after imports had dropped earlier in the year. China's imports shows that Beijing remains a steady customer despite U.S. efforts to tighten sanctions on Tehran.

- The United Kingdom was said to be persuading EU countries to delay implementation of sanctions against companies providing insurance to tankers carrying oil from Iran. Britain fears that the ban on insurance could lead to a dramatic spike in oil prices which would significantly damage the already weak European economy. The EU ban, meant to take effect July 1, would prevent European insurers from covering ships carrying Iranian crude anywhere in the world in an effort to stem the influx of money to Iran and thus force it to halt its nuclear program. "Britain will be pushing the EU to postpone the ban on protection and indemnity insurance by six months," said one diplomatic source.

- An Oxfam report and data released by the Stockholm International Peace Research Institute showed that Iran has imported over £350 million worth of weapons over the past three years, despite being subject to international sanctions. The country's success in "tapping the international arms market showed the ineffectiveness of current restrictions." The UN Security Council, back in 2007, had requested countries to "exercise restraint" in supplying arms to Iran.

April 2012:

- Switzerland decided against sanctioning Iran's central bank or imposing an embargo on Iranian oil, failing to follow in the footsteps of the EU. The Swiss Economics Committee said that the country would not follow the EU in freezing the assets of the Iranian central bank "due to its

importance for the Iranian economy." While Switzerland does not directly import Iranian oil, the Swiss position could impact the activities of oil companies based in the trading hub of Geneva.

- A survey of Iran's shipping fleet showed that only seven of its 25 very large crude carriers were operating on-board transponders, which allow computers to track vessels. Going "off-radar," Iran is showing another way it is developed to sidestep international sanctions against the regime. Ships are obliged by international law to have a satellite tracking device on board when travelling at sea, but with them turned off it is increasingly difficult to gauge how much is moving out of the country's main terminal at Kharg Island.

- An intelligence report released by an independent energy policy group showed that Greece could become the achilles heel to EU efforts to cut out all Iranian oil imports. Over the past two years, Greece's oil imports from Iran have spiked to just under 200,000 barrels per day and Iran's share of Greece's crude imports has more than doubled (26% to 53%) as other countries have shied away from the economically unstable Greece. The intelligence report also noted that Spain and Italy, two other EU member nations, have become increasingly dependent on Iranian oil imports. These three countries consume nearly 90% of Iran's total oil exports to the European mainland, a factor that could eventually lead to the failure of EU sanctions.

March 2012:

- The United States granted exemptions to Japan and ten European countries from the sanctions passed by President Obama that called for punitive measures to be taken against any country that continued doing business with Iran. These eleven nations were given breathing room on the sanctions because they showed a significant reduction in their imports of Iranian oil, however by granting the exemptions the U.S. has underscored the difficulty in fully implementing any sanctions meant to freeze the Iranian economy and force them to abandon their nuclear program.

- Pakistan emerged as an enhanced importer of Iranian oil and has proceeded with plans to build a natural gas pipeline to the Islamic Republic, despite warnings from US Secretary of State Hillary Clinton that this would interfere with the West's sanctions. "We can't afford to be selective where we receive our energy supplies from," Pakistan Foreign Minister Hina Rabbani Khar said Thursday. "It is in our national interest to get energy from wherever we can."

January 2012:

- The Stockholm International Peace Research Institute (SIPRI) published a study confirming that the Islamic Republic of Iran Shipping Line (IRISL) has renamed nearly a quarter of its shipping fleet (90 out of 123 vessels) in order to evade international sanctions. Additionally, the company has reflagged many of its ships so that shippers and maritime security agencies do not know they are moving Iranian vessels. Additionally, SIPRI noted that Iranian weapons smugglers are using



respectable shipping companies out of Europe to move illegal weapons into Iran; though this was mostly done without the consent or knowledge of the companies.

- India, the world's fourth-largest oil consumer, said it would not take steps to cut oil and petroleum imports from Iran despite the US and European sanctions. "It is not possible for India to take any decision to reduce the imports from Iran drastically, because among the countries which can provide the requirement of the emerging economies, Iran is an important country amongst them," Indian Finance Minister Pranab Mukherjee said.

2011:

- In **November 2011**, the EU was shown to account for nearly 20% of all Iranian oil purchases in the first half of 2011, which helped to nullify the effects of any sanctions imposed against the Islamic regime. Italy, Spain and France were the leading purchasers of Iranian oil in 2011.

- In **August 2011**, Iran received 1 billion euros (\$ 1.4 billion) from [India](#) for overdue oil debts. Indian refiners expect Iran to resume 400,000 barrels a day of oil exports in September 2011, since India began paying its debt that Iran Deputy Oil Minister Ahmad Qalebani said amounted to \$4.8 billion.

- A **January 2011** examination of German government trade statistics revealed that German export trade to Iran increased from \$4,159,920,000 between January and October 2009 to \$4,175,687,000 during the same time period in 2010. Iranian imports to Germany climbed to \$909,176 between January and October 2010 when compared to \$574,261 during the identical time frame in 2009.

- At the **start of 2011**, [Iran](#) was the second largest [OPEC](#) exporter, after Saudi Arabia, and during January - November 2010 generated revenues of \$64 billion, an \$11 billion increase over the full-year 2009 figure. Iran has also been chosen by OPEC members for the cartel's 2011 presidency.

- [Swiss](#) energy giant EGL signed a 25-year deal with the National Iranian Gas Export Company to buy 5.5 billion cubic meters of Iranian natural gas per year, **starting in 2011**, for approximately \$20 billion.