

# EU, Australia and Canada impose tough sanctions on Iran

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As part of Washington's intensifying campaign against Iran, the European Union (EU), Canada and Australia imposed hefty new sanctions this week against Tehran over its nuclear programs. While promoted as a means of pressuring Iran, the sanctions are a further escalation of a dangerous confrontation that is setting the stage for war.

All of the announced sanctions are unilateral in nature, going far beyond the penalties agreed by the UN Security Council last month. Iran has repeatedly denied allegations that it is planning to build nuclear weapons and has rejected all sanctions as an infringement of its right under the Nuclear Non-proliferation Treaty to engage in all aspects of the nuclear fuel cycle, including uranium enrichment.

The EU sanctions were announced on Monday after a foreign ministers' meeting. EU foreign policy chief Catherine Ashton told the media: "We've sent a powerful message to Iran. That message is that their nuclear program is a cause of serious and growing concern to us." Significantly the measures would ban European companies from investing in Iran's oil and gas sector, as well as restrict trade and financial links.

An EU statement declared that the 27 foreign ministers had agreed on "a comprehensive and robust package of measures in areas of trade, financial services, energy, transport as well as additional designations for a visa ban and asset freeze." Details are yet to be released but the sanctions will target Iranian banks, the Islamic Revolutionary Guards Corps and the Islamic Republic of Iran Shipping Lines.

Canada announced similar sanctions on Monday, including a ban on any new Canadian investment in Iran's energy sector, restrictions on banking ties and a prohibition on the sale of goods that could be used in nuclear programs. The Australian government followed suit yesterday with travel and financial bans against more than 110 businesses and

individuals in Iran's banking and transport sector and, like the EU and Canada, restrictions on dealings with Iran's oil and gas sector.

The European sanctions, in particular, are potentially highly damaging to the Iranian economy. The EU collectively is Iran's largest trading partner, taking a third of its exports and selling billions of dollars in products to the country. One EU diplomat told the *Financial Times*: "The sanctions are very precisely targeted. A lot of these services such as insurance, banking or sophisticated energy technology are not available from other trading partners."

The ban on the involvement of European corporations in Iran's energy sector will exacerbate the chronic lack of infrastructure. While the country has huge reserves of oil and gas, the lack of investment has created serious problems. Iran is compelled to import around 30-40 percent of its gasoline requirements due to a shortage of refining capacity.

Earlier this month, the US Congress imposed its own unilateral sanctions, with legislation aimed at choking off gasoline exports and bringing the Iranian economy to its knees. Under the new law, foreign companies engaged in selling refined petroleum products to Iran face being excluded from the US financial system and markets.

The US legislation threatens to create further tensions not only with Iran, but also with other countries such as China and Russia that agreed to last month's UN Security Council resolution on the basis that Iran's energy sector was excluded from penalties. China is a major importer of Iranian oil and has plans for extensive investment in Iranian gas fields. Russia has reacted angrily to the latest EU sanctions, declaring them "unacceptable" and showing "disdain for the carefully calibrated and co-ordinated provisions of the UN Security Council resolutions".

The Obama administration is mounting a diplomatic

offensive to pressure countries not only to impose the UN Security Council sanctions, but to reinforce the unilateral penalties of the US and its allies. According to the US State Department, its special adviser for nonproliferation and arms control, Robert Einhorn, will visit South Korea and Japan next week. US Treasury official Stuart Levey will head to the United Arab Emirates, Lebanon and Bahrain, and another top official will travel to Brazil and Ecuador.

Einhorn announced that he and a senior treasury official would travel to China later in August to raise US concerns “at the highest levels”. He said: “We need for them to enforce the Security Council resolutions conscientiously and we also need for them not to ‘backfill’ when responsible countries have distanced themselves from Iran.” By not “backfilling,” Einhorn means that the US will insist that China does not step up its sales of refined petroleum products to Iran or expand its investments in the energy sector as other countries pull out—something that Beijing did not agree to at the UN Security Council.

The focus on Iran’s oil and gas highlights the real motivations behind the US campaign, which has little to do with alleged plans to build nuclear weapons. Washington is exploiting Tehran’s nuclear programs as a means of undercutting the economic interests of its European and Asian rivals in Iran, while seeking to refashion a regime in Tehran that is more acquiescent to broader US ambitions for dominance in the key energy-rich regions of the Middle East and Central Asia.

As the EU imposed sanctions on Monday, Iran indicated through a letter to the International Atomic Energy Agency (IAEA) that it would be willing to restart negotiations over a deal tentatively reached last year to exchange low-enriched uranium for fuel rods needed for its research reactor in Tehran. The US State Department announced on Wednesday that Washington was “fully prepared” to take part in talks, along with other major powers, to discuss the reactor proposal and Iran’s nuclear programs more broadly.

However, even if such talks are convened, there is virtually no prospect of reviving the nuclear exchange deal or a negotiated end to the present confrontation. Just before last month’s UN Security Council vote, Brazil, Turkey and Iran publicly announced a revised version of the exchange agreement, which was abruptly rejected by Washington. The chief purpose of US participation in previous joint talks with Iran was to enlist the support of the European powers, alienated by the Bush administration’s unilateral actions, for tougher action and to neutralise the objections raised by

China and Russia. Having achieved its purpose, the US is likely to use any future talks simply as a forum for presenting its ultimatums to Iran.

The most striking aspect of the discussion in US ruling circles following the adoption of the new UN sanctions is open scepticism that economic penalties will achieve Washington’s aims. There is a renewed push for the “military option”. Reflecting this debate, former CIA director Michael Hayden, who served under Bush, declared that “in my personal thinking ... I have begun to consider that [a military strike against Iran] may not be the worst of all possible outcomes.”

Hayden claimed, without offering any evidence, that Iran’s drive toward obtaining a nuclear weapon “seems inexorable”. He conceded that Tehran might not actually build an atomic bomb, but added that having the capacity to do so at short notice, was “as destabilising as their actually having a weapon”. He dismissed diplomacy and sanctions as ineffective, saying: “We engage. They will continue to move forward. We vote for sanctions. They continue to move forward. We try to deter, to dissuade. They continue to move forward.”

Similar sentiments were voiced by Israeli Defence Minister Ehud Barak, who visited Washington this week for talks on Iran and the so-called Middle East peace process. He told the *Washington Post* last week: “I don’t see it [sanctions] as working as of now.” Barak noted that there was no international unanimity on the most aggressive penalties, adding: “Probably at a certain point we should realise that sanctions cannot work.” Israel has repeatedly declared that it will not permit Iran to develop a nuclear weapons capacity and has threatened military action against its nuclear facilities.

Whether initiated by Israel or the US, any military aggression against Iran threatens to trigger a broader regional conflict that could drag in major powers, including Russia and China. The Obama administration’s drive for tougher sanctions leads relentlessly to the next step—a reckless new American military adventure in the Middle East.



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