

MEMMO

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Iran's Blatant Defiance Requires Concerted Action

Iran's announcement that it has begun installing 6,000 advanced centrifuges at its Natanz nuclear facility represents a dangerous escalation and a serious violation of international law. Only a month ago, the U.N. Security Council for a third time demanded that Iran suspend uranium enrichment—the key step needed to produce nuclear weapons. Russia, China and E.U. countries should now join stepped up U.S. efforts to impose a comprehensive regime of sanctions on Tehran.

Iran continues to advance its nuclear program in direct violation of international law.

- Iranian President Mahmoud Ahmadinejad's defiant claim that Iran has begun assembling and testing 6,000 advanced centrifuges represents a serious escalation of Tehran's illicit nuclear program.
- The U.N. Security Council has passed three resolutions demanding that Iran suspend its uranium enrichment activity. The resolutions, passed under Chapter VII of the U.N. charter, are the highest form of international law.
- If Iran masters the ability to operate the 6,000 centrifuges—in addition to the 3,000 it currently has running—it could produce enough highly enriched uranium for one to three nuclear weapons a year. At the same time, Iran is testing advanced P-2 centrifuges, which are capable of enriching uranium at two to five times the speed of older models.
- C.I.A. Director Michael Hayden recently said he believes that Iran is pursuing a nuclear weapons program, emphasizing that the Iranians would not pay the price of sanctions and isolation “if they did not have at a minimum... the desire to keep the option to develop a nuclear weapon.”



Iranian President Mahmoud Ahmadinejad inspects centrifuges at the Natanz facility. Iran continues to enrich uranium in defiance of the U.N. Security Council.

Recent steps by the United States have increased pressure on Iran and are having an impact on the Iranian economy.

- The U.S. has imposed a number of sanctions on Iran's transportation sector, including the suspension of export privileges for airline companies illegally conducting business with Iran and the addition of Iran to the U.S. Coast Guard's Port Security Advisory List.
- Iran's banking system has also been the target of U.S. action, with the Treasury Department issuing multiple advisories listing several Iranian banks, including its Central Bank, as institutions supporting international terrorism and requiring significantly enhanced diligence.
- As a result of American sanctions, scores of international banks, including banks in Muslim countries, that are unwilling to risk heavy fines and the possible loss of access to U.S. financial markets have ceased or limited transactions with Iran.
- The threat of U.S. sanctions on firms doing business in Iran's energy sector has limited Iran's ability to attract much-needed foreign investment. The lack of investment has led to a dramatic decrease in the amount of oil Iran is able to export. Today, Iran pumps 40 percent less oil than it did 25 years ago, even though its population has doubled.
- Iran's central bank has warned Ahmadinejad that the government's policies are causing inflation and will lead to higher prices. Iran's officially stated inflation rate is 19 percent, but is believed to be much higher.

Iran's continued defiance of international law requires the E.U., Russia and China to join the United States in toughening sanctions on Iran.

- The United States should designate the Central Bank of Iran as a supporter of terrorism and weapons proliferation.
- The E.U. should build on the Security Council's call to exercise vigilance in providing export credits that back investment in Iran by stopping all such transactions. The E.U. also should end all transactions with Bank Melli and Bank Saderat.
- China and Russia, both of which continue to expand their trade with Iran, should stop all new business with Tehran and not fill the void left by European and other nations that have reduce their business dealings with the regime.
- The United States should sanction foreign banks that continue to conduct transactions with the four state-owned Iranian banks subject to U.S. or U.N. sanctions. The United States should also sanction foreign entities that continue to do business with the Iranian Islamic Revolutionary Guard Corps in violation of U.S. sanctions or that continue to invest in the Iranian oil and natural gas sector.