

MEMMO

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More Pressure Needed on Iran as Sanctions Begin to Bite

Recently stepped-up sanctions are shaking Iran's economy and exposing fissures within its ruling elite. Nonetheless, Tehran is advancing its nuclear program in defiance of the international community. More tough, biting and sustained pressure offers the best prospect to persuade Iran to halt uranium enrichment. As the United States and other members of the international community seek to renew talks with Tehran this month, they should back diplomatic efforts with intensified sanctions.

Sanctions are hurting Iran's regime and its state-owned oil trade.

- Nations around the world are increasing sanctions on Iran following decisions by the United States, United Nations and European Union.
- According to the International Energy Agency, tighter banking and insurance regulations have led some buyers to cut purchases of Iranian oil. In fact, Japan's largest brokerage firm reported that Japanese sanctions against Iran may reduce its oil exports by as much as 25 percent.
- The U.S. Treasury Department and the EU are cracking down on the government-owned Islamic Republic of Iran Shipping Lines (IRISL), which transports more than half of Iran's maritime cargo and more than three-quarters of all maritime imports into Iran.
- Iranian oil minister Masoud Mir-Kazemi reported that Iranian petroleum imports have fallen to their lowest level in more than a decade. In September, Iran imported fewer than 7,000 barrels of oil as opposed to almost 200,000 barrels a few months ago.
- With increasing economic difficulties, the Iranian government is considering reductions in public subsidies on food, gas and other basic commodities. The pending subsidy cuts—scheduled for later this month—have already led to some public unrest.
- The increasing concern among the elite over the impact of sanctions is producing tensions within the conservative establishment. Former president and powerful cleric Akbar Hashemi Rafsanjani urged the country's leadership to "take the sanctions seriously."



The U.S. and EU are cracking down on Iran's efforts to set up front shipping companies to skirt sanctions.

Even as the United States and other powers seek to engage Iran in negotiations, Tehran continues to make advances in its nuclear program.

- Iran continues to stockpile low-enriched uranium (LEU) and now has enough material—if further enriched—for three nuclear bombs. This represents almost a two-fold increase in Iran's stockpile during the past year.

- Iran continues to enrich between 253 and 264 pounds of uranium each month; roughly 2,000 pounds of LEU is needed to make the fuel for a nuclear bomb.
- Iranian atomic energy chief Ali Akbar Salehi boasted that Iran now has almost 66 pounds of uranium enriched to the 20 percent level.
- The 20 percent enrichment level represents 85 percent of the work needed to produce fuel for a nuclear weapon. In the past six months, Iran's increased efficiency in this process demonstrates its further mastery of the enrichment cycle.

Renewed diplomatic efforts should seek to reverse any advantage Tehran has gained in its nuclear program by defying the international community.

- Last year, Iran rejected the P5+1's offer to reprocess most of its LEU outside the country for use in its Tehran Research Reactor. Since that time, Iran has doubled its stockpile of LEU and began enriching uranium to the 20-percent level. Any deal with Tehran must negate the effect of Iran's illicit activities during the past year.
- Most importantly, any deal with Iran must include suspension of all enrichment activity by Tehran, as required by the U.N. Security Council.
- Tehran must not be allowed to gain any advantage for its failure to comply with Security Council resolutions. The international community must continue to step up sanctions until Iran has fully and verifiably suspended all illicit nuclear activity.

The United States and its allies must further press Iran to suspend its nuclear enrichment program.

- The goal of U.S. policy is to prevent Iran from acquiring a nuclear weapons capability, and the goal of sanctions is to change Iran's calculus so that the leadership will agree to a suspension of the program.
- While the international sanctions are clearly having an impact on the Iranian economy, the United States cannot rest until Iran's nuclear weapons program is halted.
- The Obama administration must fully enforce U.S. sanctions laws and penalize those investing in Iran's energy sector, selling Iran refined petroleum, aiding Iran's Islamic Revolutionary Guard Corps, or facilitating Tehran's illicit financial activity.
- Failure to enforce these sanctions will leave policymakers with a very stark choice: accepting a nuclear-armed Iran or using military action to prevent Iran from acquiring a nuclear weapons capability.
- Crippling sanctions combined with tough diplomacy provide the best chance to prevent such a stark choice.