

Stiffer Iran Sanctions Sought

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Some Officials Worry Push by U.S. and Allies May Split Key Players
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WASHINGTON -- The U.S. and its United Nations allies plan to accelerate a push for substantially stiffer economic sanctions on Iran in what they describe as a pivotal step in a showdown with Tehran over its nuclear program. But some officials fear such a move could jeopardize international inspections of the country's nuclear sites and split key U.N. players on the issue, testing the limits of unified diplomatic action.

The 15-nation U.N. Security Council passed two milder sanctions packages against Iran, in December and March, without a dissenting vote. With U.N. inspectors saying Iran is pushing ahead aggressively on its nuclear work, senior U.S. and European officials say they now intend to put pressure on a broader swath of Iran's state-owned banking and industrial sectors and to push for substantial restrictions on arms sales to Iran.

ACCELERATION

- The Push: The U.S. hopes to get the Security Council to agree to a much tougher draft of U.N. sanctions on Iran.
- The Context: The U.N. has imposed two sets of sanctions on Iran's nuclear program, but inspectors say Tehran is pushing on with uranium enrichment.
- The Key: Objections from China and Russia could test the limit of how tough the U.N. can be in pressuring Iran. "This package has to be more than incrementally tougher," said one senior U.S. official. "Either that, or Iran has to show that it is truly willing to change its course."

The U.S. and its allies have been calling for tougher sanctions for weeks as Iran has continued to defy U.N. calls for it to suspend its uranium-enrichment work and pushed ahead on installing hundreds of new centrifuges at its main enrichment site. The U.S. and other countries believe the work is part of a secret nuclear-weapons program, an allegation Tehran denies.

But divisions are already widening within the Security Council over whether now is the time to dramatically increase the pressure on Iran. Senior officials from the U.S., Britain, France, Germany, Russia and China have discussed the next sanctions package by phone over the past two weeks and plan to meet next week. Stuart Levey, the U.S. Treasury Department's undersecretary for terrorism and financial intelligence, is in Europe to urge countries and private banks to curtail their interactions with Iran.

Both China, as Tehran's fastest-growing trading partner, and Russia have begun to resist some of the harsher measures backed by the U.S, officials on both sides of the debate said.

U.S. and European officials argue that failure to negotiate intensified sanctions would weaken diplomatic efforts to resolve the standoff and strengthen arguments that only the threat of military action will get Tehran to compromise on its nuclear program.

The nuclear standoff is at the heart of a larger skirmish over Iran's rising clout in the region. The U.S., along with regional allies from Saudi Arabia to Israel, have expressed growing concern over Tehran's involvement in Iraq, the Palestinian territories and Lebanon.

Senior U.S. officials said they hope to build on the March U.N. agreement to freeze the international assets of Iran's fourth-largest state financial institution, Bank Sepah, perhaps by sanctioning another major Iranian bank. Chinese officials have told U.S. and European diplomats that they strongly oppose further sanctioning Iran's banking sector.

U.S. and European officials are also debating whether to target huge engineering firm Khatam ol-Anbia, which is owned by the elite paramilitary Iranian Revolutionary Guard Corps. The company over the past year has secured several major Iranian government contracts to develop oil and gas fields in the country, but needs private firms to do much of its work.

The U.S., Britain, France and Germany, would like to impose a strict U.N. travel ban on select Iranian military and

business officials, U.S. and European officials say. U.S. officials said the Bush administration is also eager to win support for an international monitoring team to oversee compliance with the growing thicket of U.N. restrictions on Iran.

"We have been very flexible in leaving open multiple opportunities for the Iranian government to begin negotiations" on its nuclear program, said Undersecretary of State Nicholas Burns, the chief U.S. negotiator on Iran, in an interview. "Iran has failed in every case. That leaves us with no choice but to move forward on a third round of tough sanctions."

The impediments remain formidable. Iranian officials have repeatedly threatened in recent weeks to cut off cooperation with International Atomic Energy Agency nuclear monitors if the U.N. pushes forward on a third sanctions resolution. IAEA head Mohamed ElBaradei, who is urging the Security Council to put off another round of sanctions, said Monday that Tehran was showing "a fairly marked slowdown" in its nuclear work.

China's ambassador to the U.N., Wang Guangya, said last week that any push to impose more sanctions now would be counterproductive. "We feel negotiation is the way out of this," he said.

Indeed, U.S. officials said China has emerged as the primary hurdle within the Security Council to tougher economic restrictions on Iran. "China is the hardest nut, because its economic interests with Iran are growing so rapidly and across such a spectrum," said one Bush administration official.

China's imports from Iran jumped nearly 30% to \$5.06 billion during the 12 months ending in March, as Iran has become China's third-largest supplier of oil after Saudi Arabia and Angola. China's exports to Iran, meanwhile, have jumped by 40% over the same period, to more than \$5.23 billion, driven largely by a surge in steel sales, according to Chinese trade statistics.

Trade between Iran and key European countries, in contrast, has slipped in recent months as international financing for Iranian-related deals has become riskier and more expensive. Germany's exports to Iran over the last year have dropped nearly 6%, while Britain's have fallen by 13%.

U.S. officials said they are confident they can persuade China and Russia to go along with a third sanctions resolution. The key question will be how much they might try to dilute any of the tougher measures that the U.S., Britain, France and Germany seek to include.

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