

# U.S. AND IRANIAN STRATEGIC COMPETITION:

Iran's Perceptions of International Sanctions  
and their Implications for Strategic Competition  
with the U.S. in the Gulf, Sept. 2010 – April  
2011

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The Burke Chair has compiled a series of chronological reports with the assistance of Adam Seitz of the Marine Corps University that focus on Iranian perceptions of national security and assess Iran's intentions concerning competition with the US. The most current of these reports is entitled "U.S. and Iranian Strategic Competition: Iran's Perceptions of its External Relations and their Implications for Strategic competition with the U.S. in the Gulf, Sept. 2010 – April 2011."

Previous versions include "U.S. and Iranian Strategic Competition: Iran's Perceptions of its External Relations and their Implications for Strategic Competition with the U.S. in the Gulf, Sept. 2010 – May 2011" (<http://csis.org/publication/us-and-iranian-strategic-competition-4>), "U.S. and Iranian Strategic Competition: Iran's Perceptions of its Internal Developments and their Implications for Strategic Competition with the U.S. in the Gulf, Sept. 2010 – March 2011" (<http://csis.org/publication/us-and-iranian-strategic-competition-3>), "U.S. and Iranian Strategic Competition: Iran's Perceptions of its Ballistic Missile Program and Competition with the US and the Gulf, Sept. 2010 – Feb. 2011," (<http://csis.org/publication/us-and-iranian-strategic-competition-2>), and "U.S. and Iranian Strategic Competition: Iranian Views of How Iran's Asymmetric Warfare Developments Affect Competition with the US and the Gulf, Sept. 2010 – Feb. 2011" (<http://csis.org/publication/us-and-iranian-strategic-competition-1>).

The Iranian regime's economic policies and its response to sanctions imposed on it by the U.S. and the international community provide additional insight into the country's strategic competition with the U.S. and other states. Since the overthrow of the Shah in 1979 and the founding of the Islamic Republic, the dynamic of U.S.-Iranian strategic competition in the Gulf has been marked by economic competition and the imposition of sanctions on Iran by the U.S. and the international community.

While Iran cannot hope to directly compete with the U.S. or force the international community to lift sanctions, its responses to the economic challenges presented by sanctions and economic embargoes are a telling indication of Iran's strategy. These responses reflect the Iran's attitudes toward competition with the U.S. as well as Iran's will to continue to confront the international community over issues such as Iran's nuclear program, support for terrorism, and arms trafficking.

The articles in the main body of this report show how the Iranian regime perceives the concerns of the international community, as well as how it intends on confronting sanctions and other economic actions taken against it.

### **Mixed Messages**

Iran's messages are not unified. There are contradictions and variations in statements emanating from Iranian officials regarding the effects of sanctions on Iran's economy as

well as how the regime perceives the country's economic situation. Iranian officials often claim that sanctions have had a beneficial effect on the country in that they have forced innovation and technological development, but at the same time demand that sanctions be lifted before any direct talks or negotiations with the U.S. and other Western countries take place. Additionally, while some Iranian officials have claimed that sanctions have had no negative effect on the nation's economy, others have cautioned their colleagues that the economic implications are not to be taken lightly.

### **Denial and Non-Denial of the Negative Impact of Sanction**

The collection of statements in the main report shows that the degree to which sanctions and other external economic pressures affect Iranian economy has become a central theme in Iran's rhetoric. Some officials claim they have no negative effect, and actually empower Iran by driving innovation and technological advancement, while others acknowledge their deleterious effects. These statements serve to illuminate how Iran perceives competition with the U.S. from an economic perspective.

Key members of the Iranian leadership have repeatedly stated that sanctions have no effect on the country's economy. On November 13, 2010, the Secretary of Iran's Expediency Council, Mohsen Rezaei stated that, "so far, sanctions have left no effect on the peoples' lifestyle."<sup>1</sup> Such statements are not uncommon. In late November 2010, a close confidant of and adviser to President Ahmadinejad stated that increased financial restrictions and sanctions have had "no noticeable effect" on Iran's economy.<sup>2</sup> Lastly, on October 30, 2010, Shakour Akbarnejad of the Iranian Parliament's Economic Commission stated that "history has shown that sanctions have left no negative impact on the Iranian nation's movement and we have, in a word, become accustomed to them."<sup>3</sup>

On December 8, 2010, Deputy IRGC Chief in Information and Communications Technology Brigadier Hossein Mazloumi made the following remarks during the opening ceremony of the 4th National Electronic Defense Seminar at Khajeh Nasir Tech University:

"The positive effects of sanctions is easily observable both in our universities and at the industrial firms that are active in this hi-tech field."

"During the course of the past decade the Islamic Republic of Iran has been witness to eye catching advancements in electronic defense field and particularly during the past five years, keeping in mind the huge investments made in the technological firms, many products in the field have been produced."

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<sup>1</sup> "EC Secretary Downplays Effects of Sanctions against Iran." Fars News Agency. 13 Nov. '10

<sup>2</sup> Erdbrink, Thomas and Serjoie, Kay Armin. "Adviser to Ahmadinejad Says West's Sanction's Have Failed." The Washington Post. 24 Nov. 2010.

<sup>3</sup> "MP: Iran's Targeted Subsidy Plan defU.S.es Effects of Sanctions." Fars News Agency. 30 Oct. '10

"Today diversified types of ESM terminals and other technological products are designed and manufactured by the mighty Iranian engineers and the country's capabilities keep on increasing with the passage of each new day."<sup>4</sup>

On December 28, 2010, Iranian President Mahmoud Ahmadinejad made similar remarks in a speech in Iran's Alborz Province:

"We told them that when they confronted U.S., we stood up and they did not gain any result, while Iran achieved its goal."

"We told them that if they want to continue their previous path, the Iranian nation is fully prepared and will give ill-wishers a response that will make the enemies repent."

"But if you have come for honest cooperation and if you have come to recognize the indisputable rights of the Iranian nation, then such an attitude would be beneficial to all; we prefer the second option."

"But if you once again choose the first option under the influence of the devils, then Iran will show the same response that it has, thus far, shown, this nation does not allow any world power to usurp even an iota of its rights."<sup>5</sup>

### **How Iran Spins Sanctions**

Some Iranian officials have gone so far as to claim that sanctions have benefitted Iran by engendering technological innovation and self-reliance. While speaking to reporters at the 11<sup>th</sup> exhibition of nuclear achievements at the Islamic Azad University of Mashad on November 13, 2010, the Deputy Head of the Atomic Energy Organization of Iran, Behzad Soltani, stated the following:

"All (Iran's) achievements acquired in the nuclear industry have been made during the period of sanctions."

"Western Sanctions have enhanced the level of our nuclear achievements in the country and caused U.S. to develop many nuclear technologies indigenously."<sup>6</sup>

On March 6, 2011, Ahmadinejad made similar allusions to the alleged positive effects of sanctions on Iran's scientific and industrial development, stating that "the Iranian nation learned to rely on their (own) resources and capabilities... and as a result, made great scientific achievements" as a result of sanctions.

The same officials do, however, indirectly allude to the detrimental effects of sanctions on Iran's economy. On October 18, 2010, Majles and Foreign Policy Committee member

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<sup>4</sup> "IRGC Official: Sanctions Accelerate Iran's Efforts to Achieve Further Progress." Fars News Agency. 9 Dec. '10

<sup>5</sup> "Iranian Minister: U.S., Britain's Destiny Worse than Hitler's." Fars News Agency. 28 Dec. '10

<sup>6</sup> "Official: Sanctions Accelerate Iran's Efforts to Achieve N. Progress." Fars News Agency. 13 Nov. '10

Mahmud Ahmadi-Bighashsaid stated that the “elimination of all sanctions and resolutions against Iran must accompany the new round of negotiations” over Iran’s nuclear issue.<sup>7</sup>

Addressing the inauguration ceremony of the construction phase of a railroad project in Mashad, Ahmadinejad stated that despite sanctions, “the Islamic Iran will continue the country’s construction under the worst conditions, and the pressures imposed (on Iran) by the arrogance through its sanctions [sic] leave no effect on Iran’s power.”<sup>8</sup> While this statement affirms that sanctions have not diminished Iran’s “power,” terms such as “worst conditions” and “pressures” tacitly refer to the damaging effects sanctions have had on the country’s economy and infrastructure.

### **The Year of Economic Jihad**

Perhaps the regime’s strongest reference to the effects of sanctions and economic competition between Iran and the country’s opponents since September 2010 came on April 3, 2011 when Ahmadinejad called for the current Iranian calendar year to be “The Year of Economic Jihad” when speaking to a gathering of senior Iranian officials.<sup>9</sup>

The President’s website reportedly stated that “economic jihad should be realized in every aspect of all Iranian’s lives.”<sup>10</sup> Supreme Leader Khamenei likewise named the new Iranian year “The Year of Economic Jihad,” and called or the Iranian nation and government to “prepare the grounds for a decade of economic growth.”<sup>11</sup>

While these statements do not make direct reference to economic hardship, competition with the West or the U.S., or sanctions, the use of the term “jihad” is telling. It implies that the Iranian regime is calling on its people to make the same kind of unrelenting sacrifice and effort to improve the country’s economic situation as would be made in a holy war. Furthermore, calls for economic holy war contradict statements that claim that Iran’s economic situation has improved; they imply that the regime sees itself as engaged in a dire economic struggle.

### **More Honest Voices**

There are, however, individuals within the Iranian government who appraise Iran’s economic situation more honestly, cautioning their colleagues about the dangers of economic sanctions and criticize the regime’s economic policies. In September 2010, former Iranian president Ayatollah Ali Akbar Hashemi Rafsanjani stated the following

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<sup>7</sup> Mehr News Agency. 18 Oct. ‘10

<sup>8</sup> “President: Iran to Continue Prosperity despite Sanctions.” Fars News Agency. 6 Dec. ‘10

<sup>9</sup> “Ahmadinejad Calls of Economic Jihad.” PressTV. 3 April ‘11

<sup>10</sup> “Ahmadinejad Calls of Economic Jihad.” PressTV. 3 April ‘11

<sup>11</sup> “Ahmadinejad Calls of Economic Jihad.” PressTV. 3 April ‘11

while speaking to Iran's Assembly of Experts: "I would like to ask you and all the country's officials to take the sanctions seriously, and not as a joke."<sup>12</sup>

Similarly, in late October 2010, the head of Iran's Chamber of Commerce, Mohammad Nahavandian, stated that "sanctions can't halt the importation of goods into Iran, but estimates indicate that the cost of imports has increased 15 to 30 percent."<sup>13</sup> Earlier that month, Nahavandian stated the following regarding the regime's economic policies:

"It is a little bit difficult to see a clear economic strategy from the government... Different ministries are coming up with different policies. It seems they react to the facts of the day."<sup>14</sup>

These statements are in direct contradiction with the regime's usual rhetoric that sanctions are ineffective. This rhetorical dissonance is revealing in terms of how the regime responds to its economic pressure and shows that the regime's rhetoric is posturing in an attempt to make the condition of Iran's economy seem better than it is.

### **The Overall Impact of Iranian Statements and Attitudes**

In spite of such occasional elements of realism, Iran's continued denial of the increasing economic hardship imposed by U.S. and international sanctions does provide an important indicator of Iran's intentions regarding the U.S. It indicates that Iran may well continue to ignore concerns about its nuclear program, ballistic missile development, and support for terrorism, and continue to undermine U.S. interests in the region.

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<sup>12</sup> Fassihi, Farnaz. "Iran's Economy Feels Sting of Sanctions." *The Wall Street Journal*. 12 Oct. '10

<sup>13</sup> "Chamber chief: sanctions add 15-30% to import cost." *Iran Times International*. 5 Nov. '10

<sup>14</sup> Erdbrink, Thomas. "Sanctions begin to compound Iran's severe economic problems." *The Washington Post*. 5 Nov. '10

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**\* Indicates Iranian reporting. Articles without citation are translations from the Marine Corp. University.**

## Ahmadinejad calls for economic jihad \*

Apr 3, 2011

PressTV

<http://www.presstv.ir/detail/172938.html>

Ahmadinejad said on Sunday that economic jihad should be realized in every aspect of all Iranian's lives, the president's official website reported.

He also urged cabinet ministers and all Iranian officials to try their best to expedite Iran's economic growth in the year 1390 (started on March 21, 2011).

The president noted that despite tough sanctions on the country's energy sector, the Islamic Republic witnessed a considerable growth in various fields in the previous year.

Ahmadinejad described the government's subsidy reform plan as one of the most important achievements in the previous year, vowing that the government would tackle economic problems such as housing, unemployment and improve the banking system through the plan.

According to the president, the initiative will lead to a better distribution of wealth among the public.

The Leader of the Islamic Revolution Ayatollah Seyyed Ali Khamenei has named the new Iranian Year "The Year of Economic Jihad," calling for concerted efforts by the Iranian nation and officials to prepare the grounds for a decade of economic growth.

## Iran sells more oil as Libyan exports dwindle

By Christopher Johnson

Feb. 25, 2011

Reuters

<http://www.reuters.com/article/2011/02/25/iran-oil-idUSLDE71014K20110225>

TEHRAN/LONDON, Feb 25 (Reuters) - Iran is taking advantage of Libya's turmoil and dwindling exports to sell more crude that it has found difficult to offload due to economic sanctions.

Unrest in Libya has slashed a big chunk of its crude oil output of 1.6 million barrels per day (bpd), with estimates of capacity shut down ranging from 500,000 to 1.2 million bpd.

Ahmad Ghalebani, Iranian deputy oil minister, said on Friday Iran had already seen an increase in demand following political upheaval in the Arab world.

"Demand for Iran's oil has increased," Iran's semi-official Mehr news agency quoted Ghalebani as saying.

Italian oil refiner Saras SpA (SRS.MI), traditionally a big buyer of Libyan crude oil, said in a Reuters interview on Friday that it was looking at replacing oil shipments from Libya and had already slightly increased sour crude supplies from Iran.

Saras General Manager Dario Scaffardi said his company was also looking at Kazakhstan, Azerbaijan, West Africa, Algeria and the North Sea for possible crude replacements for Libyan oil.

The United States has led a drive to isolate Iran through international sanctions and bring it to the negotiating table over its nuclear programme.

The sanctions have targeted payments to Iran via the financial system, and this has made it more difficult for Iran to sell its crude abroad, forcing it to store large volumes of its oil at sea in very large crude carriers (VLCCs).

### OFFSHORE

Many international oil companies are unwilling or unable to take Iranian oil, but others are less constrained, particularly in Europe and Asia.

Analysts say Iran is well placed to take advantage of the reduction in Libyan oil exports.

Although Libyan crude is typically high quality with relatively small amounts of corrosive sulphur compounds and Iranian crude is typically lower quality, Iranian oil is readily available and near to key European markets.

Iran has been storing large quantities of oil in tankers at sea, some of them off its Kharg Island in the Middle East Gulf and some of it in the Mediterranean.

Ship brokers and agents say Iran has at least 20 million barrels of crude, mostly Iranian Heavy, at sea in 10 VLCCs and up to another 20 million barrels in shorter-term storage.

"The Iranians sell most of their oil on a landed basis," said Leo Drollas, chief economist at the Centre for Global Energy Studies in London.

"They store their oil offshore or bring it closer to their clients. So the oil is already near their customers," Drollas said. "Something like this happens and suddenly - Bingo!" A source at the Iranian oil ministry told Reuters Iran planned to divert some cargoes to Italy and other countries.

Asked about sanctions, the source said: "This is not a time to be talking about sanctions. The world needs our oil and we are ready to step in just like any other OPEC member country."

Iran is unlikely to be able to increase oil production significantly as a result of the higher demand and rise in oil prices, which pushed the North Sea Brent futures benchmark LCOc1 to around \$112 per barrel on Friday.

Ghalebani said Iran would respect its output target as part of the Organization of the Petroleum Exporting Countries.

Iranian oil output in January was 3.64 million bpd, according to Reuters' monthly survey of OPEC producers [OPEC/O], down from 3.67 million bpd in December and compared with an implied OPEC target 3.34 million bpd.

Drollas said Iran's output capacity may now be only around 3.75 million bpd and that he expected its output capacity to fall towards 3.6 million bpd by the end of this year.

## Senior Diplomat: Sanctions against Iran Backfire \*

Feb. 14, 2011

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8911251156>

TEHRAN (FNA)- The International and unilateral sanctions against Iran have had no results but inflicting damage on the countries which have sponsored and implemented those embargoes, a senior Iranian diplomat said.

"The negative impacts of the sanctions will inflict more damage on the countries and companies which are obliged to implement them in their trade exchanges than Iran and the Iranian people," Iranian Ambassador to Tokyo Seyed Abbas Araqchi said.

Araqchi dismissed economic sanctions against countries as an improper method for solving international challenges.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

Political observers believe that the International and unilateral sanctions against Iran have had no result but inflicting damage on the European companies.

Meantime, an Iranian minister announced in October that a number of European companies have announced their readiness to defy the unilateral and international sanctions against Tehran by ordering more goods from Iran or exporting a larger volume of commodities to the country.

"Traders from the European countries and from those countries which have approved (the last UN Security Council) resolution against Iran and imposed unilateral sanctions in addition to the UN Security Council resolution 1929 have said to their Iranian counterparts that they don't heed their government's policies and would continue their trade cooperation with Iran," Iranian Intelligence Minister Heidar Moslehi said in October.

Moslehi reiterated that such an approach by the European companies is the result of the Iranian government's proper measures vis-à-vis the sanctions, and stressed that the country is now in better conditions compared to the past.

He also described Iran's self-sufficiency in the production and export of gasoline as one of the best and most important examples of the country's proper reaction in confronting the West's sanction measure.

Earlier, Iranian Oil Minister Massoud Mir-Kazsemi announced in September that the country has increased domestic gasoline production to 66mln liters per day, meaning that Iran no more needs foreign imports.

Iran has increased its gasoline production by 50 percentage points to become self-sufficient in the sector, Mir-Kazsemi said.

Iran's daily gasoline production increased from 44 million to over 66 million liters, which means Tehran no longer has to import gasoline, he added.

Later in September, Iran even started exporting gasoline after increasing its daily fuel production.

## US seeks to save face by Iran sanctions \*

Mar 10, 2011

PressTV

<http://www.presstv.ir/detail/169150.html>

"Given its numerous domestic problems, the US statesmen are in a desperate situation following the current revolutions in the Middle East," deputy head of the Iranian Parliament (Majlis) National Security and Foreign Policy Commission Mohammad Esmail Kowsari said on Wednesday.

"The US intensifies sanctions against Iran to clean up its image in the international community," Majlis news agency (ICANA) quoted Kowsari as saying.

He also pointed out that US President Barack Obama seeks to minimize the adverse consequences of the ongoing uprisings in the Middle East by exerting pressure on the Islamic Republic.

The Iranian lawmaker noted that each year the US adopts a series of sanctions against Iran in an attempt to undermine Tehran so that Washington could meet its own interests in the region.

The remarks came after the US president extended by one year a national emergency regarding Iran on Tuesday.

"Because the actions and policies of the government of Iran continue to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, the national emergency declared on March 15, 1995, must continue in effect beyond March 15, 2011," said Obama in a statement.

"Therefore... I am continuing for 1 year the national emergency with respect to Iran," the statement read.

According to the national emergency, US firms are banned from helping Iran develop its oil industry, carrying out trade exchanges, importing from and exporting goods to Iran and making venture in the country.

Iranian officials have repeatedly played down US sanctions against the country, saying the Islamic Republic will use sanctions as an opportunity to improve its economic situation and achieve self-sufficiency.

Iran has vehemently refuted allegations leveled by the US and its allies against the country, arguing that as a signatory to the Nuclear Non-Proliferation Treaty and a member of the International Atomic Energy Agency, Tehran has a right to use nuclear technology for peaceful applications.

## Western companies circumventing Iran sanctions: Ahmadinejad \*

March 7, 2011-07-14

Mehr News Agency

<http://www.mehrnews.com/en/newsdetail.aspx?NewsID=1268563>

(MNA) -President Mahmoud Ahmadinejad has said that U.S. and European companies are circumventing sanctions to cooperate with Iran.

“Many U.S. and European companies are trying to get around the sanctions and trade barriers so they can work with the Islamic Republic of Iran,” Ahmadinejad said in an interview with reporters published by the Fars news agency on Sunday.

He called the sanctions ineffective and futile and pointed out that they have created new opportunities for progress and strengthened the Iranian nation’s resolve.

“The Iranian nation learned to rely on their (own) resources and capabilities... and as a result, made great scientific and industrial achievements,” he said.

He cited the successful implementation of the subsidy reform plan, the rise in foreign investment in Iran, and Iran’s political and economic stability as examples proving the ineffectiveness of the sanctions.

Commenting on the diplomatic relationship between Iran and the European Union, Ahmadinejad said Iran’s foreign policy is based on the principles of justice, friendship, mutual respect, and respect for human dignity, so Iran has strong and friendly relations with countries that are committed to these principles.

“But, unfortunately, over the past few decades, some European governments have been under the influence of global bullies, especially the Zionists, and they have not allowed the Europeans to establish fair and friendly relations with Iran,” he stated.

He went on to say that the Europeans’ policy on Iran has undermined their interests and thus they are losing their position in the lucrative markets of Iran.

Currently, many countries and companies are trying to enter into partnership with Iran, and every day the Europeans are losing opportunities, he noted.

Ahmadinejad added, “But the European Union’s actions show that the union has not adopted a realistic and wise approach toward Iran.”

## **Envoy Underlines Iran's N. Rights, Downplays Effectiveness of Sanctions \***

Feb. 13, 2011

Fars News Agency

<http://www.iranenergyproject.org/2930/envoy-underlines-iran-n-rights-downplays>

TEHRAN (FNA)- Iran is entitled to the right to access nuclear energy for peaceful purposes, Iranian Ambassador to Beirut Qazanfar Roknabadi said, and further stressed that the West-sponsored international and unilateral sanctions against Tehran have had no impact on the country.

"The policy of economic sanctions against Iran will yield no result and will, instead, add to our self-confidence, will and determination in making (further) progress," Roknabadi said, addressing a number of Lebanese political figures in Beirut on the occasion of the anniversary of the victory of the Islamic Revolution in Iran (1979).

He described Iran's achievements in launching different satellites, developing indigenized nuclear technology and missile-launching technology as well as great advancements in nanotechnology and medicine production as indications that sanctions and embargoes against the country have been futile.

"The Islamic Revolution after 32 years of its victory is still moving forward firmly and is achieving great successes in different political, economic, cultural, military and scientific fields," Roknabadi said.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

Political observers believe that the International and unilateral sanctions against Iran have had no result but inflicting damage on the European companies.

## Iran's gateway in Dubai highlights sanctions' bite

By Brian Murphy

Feb. 1, 2011

ABC News

<http://abcnews.go.com/Business/wireStory?id=12808709>

DUBAI, United Arab Emirates (AP) — The appeals from cash-starved businesses in Iran come in nearly every day at the small shipping office in Dubai.

Can they get goods on good-faith credit? Can the company help as economic sanctions on Iran cut off access to international banking and commercial markets?

"It's almost always a negative answer from us," said Ali Davani, whose family operates traditional wood-hulled ships that have ferried car parts, construction material and just about everything else between Dubai and Iran since the mid-1990s. "We know they are suffering in Iran, but so are we."

Just a few years ago, the family's Sky Star Co. could barely keep up with demand from Iranian businesses making orders via Dubai, one of the main transit points for consumer products and other goods heading for Iran. Today, the company's cargo ships spend as much time in drydock for overdue repairs as making the 150-mile (240 kilometers) journey to Iran's chief Gulf port, Bandar Abbas.

"We can hang on a couple of years like this," said Davani. "But this cannot be sustained."

The lean times at Sky Star are echoed by Iranian-linked businesses across Dubai. Their troubles offer a clearer look at how stronger economic sanctions are squeezing average commerce and Iran's merchant middle class, who face a dwindling supply of business partners abroad and have been effectively blackballed from getting loans and credit on international markets.

Iranian officials give almost no reliable data to assess the effect from the array of sanctions — by the U.N., the United States, the European Union and others — over Iran's refusal to halt uranium enrichment. Iran again rebuffed U.N.-drafted proposals at talks on its nuclear program in Istanbul in January, leading to speculation that more economic pressures could be imposed.

Much of the Western calculations on the fallout from sanctions come from tallying up the companies leaving the Iranian market and anecdotal evidence such as the slowdowns from bellwether places such as Dubai — home to one of the world's largest concentrations of businesses doing trade with Iran.

Dubai serves mostly as an important way station. Goods purchased by Iranian firms often move through Dubai ports for re-export to Iran, with trade valued at more than \$600 million a month until recently.

The almost nonstop transit had been seen by the U.S. and others as a weak link in enforcing sanctions, but United Arab Emirates officials have sharply stepped up controls in shipping and banking sectors since the latest round of sanctions last year.

In June, the UAE's central bank ordered financial institutions to freeze accounts linked to dozens of firms named in U.N. sanctions. UAE officials also significantly boosted scrutiny on money transfers to Iranian banks such as Bank Sepah, which has ties to Iran's Revolutionary Guard.

During a visit to the Gulf earlier this month, U.S. Secretary of State Hillary Rodham Clinton urged the UAE and other nations to "do everything within reason" to implement the sanctions.

The unusually harsh steps in the UAE brought complaints from the Iranian business community in Dubai and led to a rare appeal directly to the city-state's rulers in November to loosen the banking restrictions.

"It's brought business with Iran to a virtual halt for many companies in Dubai," said Morteza Masoumzadeh, vice president of the Iranian Business Council.

There are still no significant signs of shortages on store shelves in Iran. Importers are managing to keep up inventories of everyday goods such as Turkish cookies and Chinese electronics, but other items such as specialized machinery or auto parts are growing scarcer or far more costly.

But Iranian President Mahmoud Ahmadinejad maintains that sanctions are not bogging down Iranian economic engines. Before the nuclear talks in Turkey, he insisted that "100,000 resolutions" by the U.N. would have no effect on Iran and predicted that the Islamic Republic would surge to join the top economies by 2015. Iran currently ranks about 100 in terms of per capita GDP.

The boasts are in clear contrast to claims by Western officials that sanctions are hitting Iran hard. Even the president of the Iranian Chamber of Commerce, Mohammad Nahavandian, acknowledged in October that sanctions were driving up the costs of imports by 15 to 30 percent.

At Davani's shipping company, they have resorted to unorthodox strategies to keep goods flowing and help some valued clients.

One Iranian auto supply company, for example, wanted to purchase thousands of tires — three shipping containers full — from an Italian distributor. But the Italian firm no longer wanted to do business directly with Iran because of the sanctions, Davani said.

The solution: the Iranian company sent money to Davani's family to purchase the tires and ship them to Dubai, then onto one of the Davani vessels for the trip across the Gulf. It

worked, but at a high cost. The extra shipping, taxes and transit fees raised the price of the tires by more than 40 percent, he said.

"It doesn't make a lot of economic sense, but this company in Iran had really no other choice," said Davani. "This is the kind of tough call that lots of Iranian businesses have to make now."

His company also has to make decisions on how much to help clients in Iran.

A few Iranian importers — shunned by international banks for business loans — have turned to Davani's shipping company for needed cash. The company has taken out loans under its name with a 5 percent surcharge for the Iranian firms, he said.

"We've only done this for a few very trusted clients," he said. "It's a desperation measure."

Others are turned away.

Davani said the company receives calls almost daily from Iranian importers and distributors seeking to get goods shipped on credit. The answer is usually no.

"In our hearts, we'd like to help. But every business dealing with Iran is having hard times now," he said. "We're just trying to survive like everyone else."

## **Minister: Iran Remains Unharmd by Fuel Sanctions \***

Jan. 25, 2011

Persia Herald Tribune

[http://persiaht.org/index.php?option=com\\_content&view=article&id=1943:minister-iran-remains-unharmd-by-fuel-sanctions&catid=42:iran&Itemid=2](http://persiaht.org/index.php?option=com_content&view=article&id=1943:minister-iran-remains-unharmd-by-fuel-sanctions&catid=42:iran&Itemid=2)

The fuel sanctions imposed by the western countries against Iran have failed to harm the country, Iranian Oil Minister Massoud Mir-Kazzemi said, stressing that Iran is now fully capable of meeting the country's domestic needs to fuel.

"The petroleum sanctions imposed against Iran and the sanction against making investments in Iranian oil and gas industries were among the most important objectives of the hegemonic powers, which have by grace of God all faced defeat today," Mir-Kazzemi said on Monday.

"Some European firms had halted our country's oil projects for seven to eight years, but after dealing with them legally today the projects are delivered to Iranian contractors," he added.

"By implementing the goal orientation of subsidies law the country's energy consumption would be altered and our exports would increase," Mir-Kazzemi reiterated.

Iran is the world's fourth-largest oil exporter but the country relies on gasoline imports to meet 40 percent of its domestic demand due to the drivers' lavish consumption resulted from the heavily subsidized cheap pump prices.

The US Senate last year passed a legislation to expand sanctions on foreign companies that invest in Iran's energy sector and those foreign companies that sell refined petroleum to Iran or help develop its refining capacity.

The bill, which later received the approval of the House of Representatives, says companies that continue to sell gasoline and other refined oil products to Iran will be banned from receiving Energy Department contracts to deliver crude to the US Strategic Petroleum Reserve. The bill was then signed into law by US President Barack Obama.

Meanwhile, statistical figures show that the number of the country willing to ignore the US demand and warning to sell fuel to Iran has been on the increase in recent months.

Also, recently-revealed data showed that the French and Italian oil companies, Total and API, as well as Shell, an Anglo-Dutch oil giant, have bought more crude oil from Iran despite tougher sanctions imposed against the country by certain states.

## Iran Stops Making Gasoline in Petrochemical Plants

By Ladane Nasser

Jan 24, 2011

Bloomberg

<http://www.bloomberg.com/news/2011-01-24/iran-stops-making-gasoline-in-petrochemical-plants-update1-.html>

Iran stopped making gasoline at petrochemical plants after the government's reduction in fuel subsidies last month caused prices to quadruple and consumption to fall, an official at Iran's National Petrochemical Co. said.

Iran produced gasoline at six petrochemical facilities under an emergency plan to help counter U.S. sanctions on fuel supplies, the official said in a telephone interview in Tehran, declining to be named because he is not authorized to speak to the media. The country halted the production on Jan. 21, the official said.

The United Nations has imposed four rounds of economic sanctions on Iran because it refuses to curtail its nuclear energy program, which the U.S. and European Union believe conceals an effort to develop weapons. The Iranian government maintains it wants nuclear energy solely for civilian purposes such as generating power.

The U.S. tightened its own sanctions against Iran on July 1 to target foreign suppliers of gasoline. The Gulf nation had previously relied on imports for about 40 percent of its gasoline needs, due to a shortage of refining capacity. The government responded to the American restrictions by producing gasoline in chemical plants.

Over the past five months, Iran produced 17 million liters (4.5 million gallons) of gasoline a day at the petrochemical complexes, the state-run news agency Mehr reported on Jan. 22.

### Reserves Peaked

Oil Minister Masoud Mir-Kazemi said in a Jan. 16 news conference that Iran's gasoline reserves had "reached a peak." He noted that demand for gasoline had eased after the government cut fuel subsidies on Dec. 19. This decline, together with the expected completion of refinery projects in coming months, meant the country would no longer have to make gasoline in petrochemical plants as a stop-gap solution.

Iran's gasoline consumption stood at about 61 million liters before the government raised fuel prices. It has dropped since then to as low as 53 million liters, Mir-Kazemi told reporters at the Jan. 16 conference in Tehran. He didn't specify a timeframe for the consumption figures.

Iranians now pay 4,000 rials (40 cents) a liter of gasoline for up to 50 liters a month, and 7,000 rials a liter for larger quantities. Until fuel subsidies were cut, people paid a subsidized price of 1,000 rials a liter for a monthly maximum of 60 liters.

Iranian officials say the success of the emergency program for manufacturing gasoline shows that the country is self-reliant and can thwart "enemies' plots."

Local media reports late last year linked an increase in air pollution in the capital to the country's hasty production of lower-quality gasoline. Mir-Kazemi rejected the claim, saying it had been fabricated by foreign news organizations in response to the failure of Iran's adversaries to pressure it with the gasoline embargo.

## OFAC Targets Iran Shipper Fronts Operating In Hong Kong

By Samuel Rubinfeld

Jan. 13, 2011

Wall Street Journal

<http://blogs.wsj.com/corruption-currents/2011/01/13/ofac-targets-iran-shipper-fronts-operating-in-hong-kong/>

The U.S. Treasury Department [announced](#) the designation of 24 shipping companies affiliated with the Iranian state shipping line, known as IRISL, as well as two subordinates of Iran's Aerospace Industries Organization.

Thursday's action is the latest against [Iranian shipping lines](#), which are coming under increasing pressure from the U.S. as a courier for the country's nuclear program.

"IRISL is under tremendous financial pressure from international sanctions, and it is going to extreme lengths to obscure its network and the ownership of vessels," said Stuart Levey, Treasury's undersecretary for terrorism and financial intelligence, in a statement. "Today's designations expose the latest in a string of deceptive measures Iran is taking to continue its illicit conduct."

Many of the shipping entities designated Thursday operate out of Hong Kong. Four of the companies, Starry Shine International Ltd., Ideal Success Investments Ltd., Top Glacier Co. and Top Prestige Trading Ltd., received sanctions because they are owned and managed by Ahmad Sarkandi and Ghasem Nabipour, who were designated by the Treasury in October 2010 for acting on behalf of IRISL.

Sixteen shipping companies operating from the same address all were sanctioned Thursday for becoming owners of a series of vessels already on OFAC's list as property belonging to IRISL, and they were previously owned by the four companies tied to Sarkandi and Nabipour, according to the Treasury's announcement. The last four designated by OFAC Thursday share an address in the Isle of Man with eight previously sanctioned shipping companies tied to the IRISL.

The two subordinates to the aerospace organization were involved in Iran's missile program. Shahid Ahmad Kazemi Industries Group was responsible for the development and production of surface-to-air missiles, and is suspected by the Treasury of soliciting technology for Iran's program, and for participating in North Korea's programs. M. Babaie Industries also allegedly solicited technology for Iran's missile program.

## Spokesman Downplays US Attempts to Intensify Sanctions against Iran \*

Jan. 11, 2011

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8910211297>

TEHRAN (FNA)- Iranian Foreign Ministry Spokesman Ramin Mehman-Parast underlined that US attempts to increase pressures and sanctions against Iran can never block the country's path towards progress.

"The moves the American officials have made to create a rift among the regional states and the trips they have taken in this regard and the attempts they have made to intensify the sanctions against Iran and the Iranian nation will not bear any desirable result for them," Mehman-Parast told reporters in his weekly press conference here in Tehran on Tuesday.

"Sanctions have had no effect on the Iranian nation's move and growth and our nation has chosen its path and paves it powerfully," he added.

Mehman-Parast lauded the regional countries' awareness against the plots hatched by the enemies to sow discord among them, and said, "The regional countries enjoy high vigilance and wisdom and will not allow the region to become entangled in problems, rift and tension which are a prelude and pretext for the further presence of the foreign governments in our region."

After the UN Security Council ratified a sanctions resolution against Iran on June 9, the United States and the European Union started approving their own unilateral sanctions against the Islamic Republic over its nuclear program, mostly targeting the country's energy and banking sectors.

While the US possesses and has used nuclear weapons in the past, Washington, in a politically-motivated move, in early September, imposed additional sanctions against Iran, which does not possess nuclear weapons nor does it seek to develop such weapons.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

Several world countries, including Russia and China, have voiced strong protest against the West's unilateral sanctions against Iran, cautioning that such US-led measures undermine collective action and policy on Iran.

## Senior MP: OPEC Presidency Displays Inefficiency of Sanctions against Iran \*

Jan. 5, 2011

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8910150705>

TEHRAN (FNA)- A senior Iranian legislator reiterated on Wednesday that Iran's presidency over the Organization of the Petroleum Exporting Countries (OPEC) shows that the unilateral and international sanctions imposed against the country by certain western powers have been futile and meaningless.

"Iran's presidency over OPEC makes the western countries' recent sanctions against Iran meaningless," member of the parliament's Article 90 Commission Gholamreza Asadollahi told FNA.

He downplayed efficiency of the attempts made by the West to pressure Iran through illogical sanctions to bring the country to its knees, and stressed, "Iran as the second world oil producer and exporter plays an important role in changing global equations."

Asadollahi also described Iran's rotating presidency over OPEC after nearly 3 decades as a milestone in the country's economic progress.

Iran is under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment, saying the demand is politically tainted and illogical.

Iran has so far ruled out halting or limiting its nuclear work in exchange for trade and other incentives, saying that renouncing its rights under the NPT would encourage world powers to put further pressure on the country and would not lead to a change in the West's hardline stance on Tehran.

Iran has also insisted that it would continue enriching uranium because it needs to provide fuel to a 300-megawatt light-water reactor it is building in the southwestern town of Darkhovayn as well as its first nuclear power plant in the southern port city of Bushehr.

Tehran has repeatedly said that it considers its nuclear case closed as it has come clean of IAEA's questions and suspicions about its past nuclear activities.

Following a series of tough sanctions on Iran which actually dissuaded and eventually banned western firms from trade and investment in Iran, an increasing number of Asian, specially Chinese and Indian, companies have been showing enthusiasm for making large investments in Iran's different economic sectors.

Iranian officials, for their part, dismissed the western sanctions as inefficient, saying that they are finding Asian partners instead.

Several Chinese and other Asian firms are negotiating or signing up different economic deals with Iran at present, specially in the oil and gas sectors.

Following the US pressures on companies to stop business with Tehran, many western companies decided to do a balancing act. They tried to maintain their presence in Iran, but not getting into big deals that could endanger their interests in the US.

Yet, after western firms witnessed that their absence in big deals has provided Chinese, Indian and Russian companies with excellent opportunities to signing up to an increasing number of projects and earn billions of dollars, they are now stepping forward to resume investments or expand work in Iran.

## Ahmadinejad Reminds West of Failed Sanctions Policy \*

Dec. 28, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8910071221>

TEHRAN (FNA)- Iranian President Mahmoud Ahmadinejad called on the West to revise its Iran policy, reminding that years of animosity, political pressures, sanctions and resolutions could not bar the Iranian nation from acquiring civilian nuclear technology and Iran has now turned into an established nuclear state.

Addressing a large number of people in the Northern Alborz province on Tuesday, Ahmadinejad said the western states imposed sanctions and political pressures and adopted several resolutions against Tehran in a bid to prevent Iran's nuclearization, "but the Iranian nation won this several-year-long battle and became a nuclear state".

He further reminded that enemies of the Iranian nation can either continue their previous wrong policies which would produce no result for them or recognize Iran's rights and opt for cooperation with the Iranian nation.

"We told them that when they confronted us, we stood up and they did not gain any result, while Iran achieved its goal.

"We told them that if they want to continue their previous path, the Iranian nation is fully prepared and will give ill-wishers a response that will make the enemies repent."

"But if you have come for honest cooperation and if you have come to recognize the indisputable rights of the Iranian nation, then such an attitude would be beneficial to all; we prefer the second option," the Iranian president added.

"But if you once again choose the first option under the influence of the devils, then Iran will show the same response that it has, thus far, shown, this nation does not allow any world power to usurp even an iota of its rights," he continued.

Iran says its nuclear program is a peaceful drive to produce electricity so that the world's fourth-largest crude exporter can sell more of its oil and gas abroad. The US and its western allies allege that Iran is pursuing a nuclear weapons program while they have never presented corroborative evidence to substantiate their allegations against the Islamic Republic.

Tehran also stresses that the country is pursuing a civilian path to provide power to the growing number of Iranian population, whose fossil fuel would eventually run dry.

Iran is under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment, saying the demand is politically tainted and

illogical.

Iran has so far ruled out halting or limiting its nuclear work in exchange for trade and other incentives, saying that renouncing its rights under the NPT would encourage world powers to put further pressure on the country and would not lead to a change in the West's hardline stance on Tehran.

Iran has also insisted that it would continue enriching uranium because it needs to provide fuel to a 300-megawatt light-water reactor it is building in the southwestern town of Darkhoveyn as well as its first nuclear power plant in the southern port city of Bushehr.

Tehran has repeatedly said that it considers its nuclear case closed as it has come clean of IAEA's questions and suspicions about its past nuclear activities.

## **Ahmadinejad Dismisses Effectiveness of Sanctions against Iran \***

Dec. 24, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8910030730>

TEHRAN (FNA)- Iranian President Mahmoud Ahmadinejad reiterated that US-sponsored sanctions had left no impact on Iran's progress.

Speaking at a press conference on the sidelines of the Economic Cooperation Organization (ECO) summit in the Turkish city of Istanbul on Thursday, Ahmadinejad stated, "Sanctions have no effect on Iran's programs."

He added that the West planned to harm Iran's economy through sanctions, but they faced economic recessions themselves.

Ahmadinejad underlined that the move of Iran enemies at the UN seems like a senseless joke.

The president went on to say that some western states and Washington's allies took some shameful measures over recent days.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

Political observers believe that the United States has remained at loggerheads with Iran mainly over the independent and home-grown nature of Tehran's nuclear technology, which gives the Islamic Republic the potential to turn into a world power and a role model for the other third-world countries.

## U.S. Adds to Iran Sanctions Shortly After Nuclear Talks

By MARK LANDLER

Dec. 21, 2010

New York Times

<http://www.nytimes.com/2010/12/22/world/middleeast/22diplo.html>

WASHINGTON — The Obama administration on Tuesday imposed new sanctions on Iran, serving notice that it will not ease the pressure on Tehran just because it has begun talking again with the West about its nuclear program.

The measures announced by the Treasury Department — aimed at three companies linked to the Islamic Revolutionary Guards Corps and at Iran's national shipping line — are less important than the timing. They come two weeks after Iran held chilly talks in Geneva with the United States and other countries, which accomplished little beyond an agreement to meet again in Istanbul in late January.

The tightening of the economic vise reflects the administration's conviction that its pressure tactics are inflicting genuine pain on Iran. It said five Iranian ships had been seized in Singapore and other ports after the Islamic Republic of Iran Shipping Lines defaulted on more than \$500 million in debt.

The announcement of new sanctions, officials said, would also frustrate efforts by Iran's government to use the prospect of further dialogue to persuade less aggressive countries to water down existing measures.

"After the Geneva talks, there was a question: 'What is the policy of the United States and its allies going to be?' " said Stuart A. Levey, the under secretary of the Treasury for terrorism and financial intelligence. "It is clear that our policy is going to be to continue to impose pressure on Iran, so long as it defies its international obligations."

The latest sanctions continue to take aim at the Revolutionary Guards, which the United States contends has taken over large sections of the Iranian economy and oversees Iran's nuclear program.

The Treasury designated a foundation that handles the Revolutionary Guards' investments, as well as two affiliated banks, Ansar Bank and Mehr Bank. It also designated the Moallem Insurance Company, a Tehran company that began insuring Iranian ships after they could no longer buy insurance from London-based maritime insurers.

Iran has tried to evade sanctions by creating front companies and renaming or reflagging its ships. But the lack of insurance, along with a cutoff in letters of credit and other financial services, has raised the debt burden on the national shipping line, making its ships vulnerable to seizure when they enter ports.

“All of a sudden, they have to think when they dock at any port, is this going to be safe for us?” said Adam J. Szubin, the director of the Office of Foreign Assets Control, a Treasury office that enforces economic and trade sanctions. “Today’s action, we expect, will compound those troubles.”

In the last two months, Mr. Szubin said, the Iranian shipping line defaulted on more than \$500 million in loans. The five ships seized by creditors are part of a fleet of about 140. Three Iranian container ships, registered in Germany, were seized in Singapore, where they were to be auctioned off until their owners won a court stay.

There is mounting evidence that Iran’s leaders are alarmed about the sanctions, Mr. Levey said. The country has been unable to attract foreign investors to develop its oil and gas fields, and is having trouble importing refined fuel.

Publicly, Iranian officials have continued to sound defiant, saying in Geneva that they would not discuss uranium enrichment or other nuclear activities at the next meeting in Istanbul. The government has also proceeded with plans to reduce subsidies on gasoline and other basic goods, despite fears of unrest.

But American officials say the subsidies have confronted Iran with an unappealing choice: leave gasoline prices unchanged and risk having demand outstrip supply, or allow prices to soar and risk having people protest in the streets.

## **IRGC Official: Sanctions Accelerate Iran's Efforts to Achieve Further Progress \***

Dec. 9, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8909180558>

TEHRAN (FNA)- A senior official of the Islamic Revolution Guards Corps (IRGC) lauded Tehran's achievements in scientific and technological fields, and said that western sanctions and pressures have encouraged Tehran to increase its efforts to gain more progress.

Deputy IRGC Chief in Information and Communications Technology Brigadier Hossein Mazloumi made the remarks on Wednesday, adding that the enemies' imposed sanctions have led to ever-more technological growth and blossoming in electronics technology field.

Addressing the audience at the opening ceremony of the 4th National Electronic Defense Seminar at Khajeh Nasir Tech University, Mazloumi said, "The positive effects of sanctions is easily observable both in our universities and at the industrial firms that are active in this hi-tech field."

The Islamic Republic Guard Corps (IRGC) official added, "During the course of the past decade the Islamic Republic of Iran has been witness to eye catching advancements in electronic defense field and particularly during the past five years, keeping in mind the huge investments made in the technological firms, many products in the field have been produced."

He added, "Today diversified types of ESM terminals and other technological products are designed and manufactured by the mighty Iranian engineers and the country's capabilities keep on increasing with the passage of each new day."

The Deputy IRGC Chief in Information and Communications Tech said that the harmony and solidarity between the universities, the industries and the armed forces working all in electronics field is both unprecedented and praiseworthy, adding, "Sponsoring such seminars can further boos that blessed phenomenon, as a dire necessity for the national advancement."

Mazloumi noted that currently 72% of the armed forces' required electronic facilities are designed and manufactured locally adding that Iran is now among the four countries in the world that are capable of meeting the electronic demands of their armed forces by themselves.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of

uranium enrichment.

Yet, after the UN Security Council approved the fourth round of sanctions on Iran on June 9, the United States and the European Union started approving their own unilateral sanctions against the Islamic Republic over its nuclear program, mostly targeting the country's energy and banking sectors.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

Political observers believe that the United States has remained at loggerheads with Iran mainly over the independent and home-grown nature of Tehran's nuclear technology, which gives the Islamic Republic the potential to turn into a world power and a role model for other third-world countries.

## **Ahmadinejad Urges West to Lift Sanctions against Iran \***

Dec. 8, 2010

Fars News Agency

<http://www.iranenergyproject.org/2392/ahmadinejad-urges-west-to-lift-sanctions-against>

TEHRAN (FNA)- Iranian President Mahmoud Ahmadinejad called on the West to give up the wrong policy of pressure against Iran, reiterating that withdrawing the international and unilateral sanctions against Tehran would serve the interests of the western countries.

"There would be no problem if the West wants to correct the wrong decisions of the past but it should recognize the Iranian nation's rights," Ahmadinejad said in the Central province of Markazi Tuesday night.

"Withdrawing resolutions and sanctions and showing cooperation would serve their own interests," he added.

He referred to the remarks by European Union (EU) Foreign Policy Chief Catherine Ashton during the two-day talks between Iran and the Group 5+1 (five permanent UN Security Council members plus Germany) that the Group recognizes Iran's nuclear rights, and said, "There would remain no quarrel, if they are honest."

Ahmadinejad also mentioned that the G5+1 has possibly realized the existing realities in Iran, and understood that the Iranian nation has stood firmly to defend its rights and would not give up even an iota of its rights.

Senior negotiators from Iran and the G5+1 attended three sessions on Monday and Tuesday in a new round of talks in Geneva, Switzerland.

The two sides agreed at the end of their third session to hold the next round of talks in Istanbul late in January.

Diplomatic sources said after the talks that the next round of negotiations will be aimed at "talks for cooperation" and "finding common grounds for cooperation".

The third session of talks focused on nuclear non-proliferation and disarmament as well as cooperation in civilian nuclear technology.

Following the third session, Iran's top negotiator Saeed Jalili told reporters that the two sides have decided to continue discussions to work out mutual cooperation over common points in their next meeting in Istanbul in January.

"After several round of talks, the two sides came to this conclusion that the talks continue for cooperation around common points."

"This was the issue emphasized by the Iranian delegation and this was the decision which was held jointly with the opposite side at the end of the negotiations.

"We continue the talks merely for cooperation over the common points of the two sides. Accordingly, we hope that based on their today agreement, the other side would stand on its declared stance and that we could possibly continue the talks in January in Istanbul based on the agreed decision."

Asked if the western sides have given up their previously declared dual-track policy of pressure and talks, Jalili stated, "This was one of our fundamental questions in our June letter to Mrs. Ashton that is if they still persist in the same strategy. And we told them that if they decided to continue this strategy, talks would not be possible in such groundwork."

"We do not accept talks within the framework of a dual-track strategy and we refuse it. This was our main question and we raised this issue in the talks as well," Jalili said.

"They mentioned in response that they want to have talks for cooperation," the Iranian top negotiator continued.

Prior to the third session Tuesday morning, Jalili said that during the new round of talks with the world powers in Geneva Tehran's delegation has strongly stressed that it would never accept talks under pressure and that Iran's inalienable rights are not negotiable.

"During the talks, we expressed the Islamic Republic of Iran's viewpoints. The Islamic Republic of Iran accepts talks merely in light of cooperation and over a range of topics jointly considered (and desired) by both sides," said Jalili, who is also Iran's Supreme National Security Council (SNSC) Secretary.

"We emphasized squarely that we do not accept any kind of talks in the framework of the pressure strategy and that the Iranian nation's right is not negotiable and cannot be the topic of talks," Jalili added.

Also during the talks, representatives of the world power vowed in the last round of talks with Iran that they would meet Tehran's conditions for the continuation of talks and provide proper responses for the latter's questions.

Tehran's prerequisites for talks were first raised by President Ahmadinejad and were later mentioned in the form of three questions in a letter from Iran's chief negotiator Saeed Jalili to EU foreign policy chief Catherine Ashton in June this year.

Tehran has asked the world powers to announce their stance about the regulations of the International Atomic Energy Agency (IAEA), their goals of negotiation and the atomic bombs of the Zionist regime (of Israel).

During the last round of talks between the two sides on Tuesday, Jalili told Ashton that "Iran would not accept any kind of talks under pressure and sanctions".

Jalili also underlined in the talks that the West should give up the path of pressures against Iran if it is willing to continue the talks.

"Iran would not negotiate if the other side continues the path of pressure," he cautioned.

## Defence minister says US sanctions cannot hurt Iran \*

Dec. 8, 2010

News.az

<http://www.news.az/articles/iran/28061>

Brigadier General Ahmad Vahidi has said that the US-engineered sanctions imposed on Iran over its nuclear program cannot harm the country.

“Imposing sanctions on great, powerful and independent Iran is futile and ridiculous, all the more so because of our industries' resolve, motivation, capability and progress,” Ahmad Vahidi said during a visit to the industrial centres in Iran's central Markazi Province.

Vahidi said that he was “certain about the bright future for Iranian industries”.

Vahidi and other members of the Iranian cabinet are accompanying President Mahmoud Ahmadinejad on a visit to Markazi Province, [Fars](#) news agency reported.

The Iranian president made similar remarks in Markazi Province on Tuesday, declaring that it would be beneficial for the West to lift sanctions.

The UN Security Council passed a fourth round of sanctions against Tehran in June, amid concern that Iran was not doing enough to allay fears about the purpose of its nuclear program.

Commentators have speculated that Iran's willingness to resume negotiations in Geneva earlier this week was prompted by the effect of sanctions on the Iranian economy.

## **President: Iran to Continue Prosperity despite Sanctions \***

Dec. 6, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8909151264>

TEHRAN (FNA)- Iranian President Mahmoud Ahmadinejad on Monday underlined that his nation will continue construction and development of the country despite all the pressures and sanctions imposed by the West and arrogant powers on Iran.

Addressing the inauguration ceremony of the construction phase of a railway project which is due to link Iran's Southeastern port city of Chabahar to the Northeastern holy city of Mashhad, Ahmadinejad said, "The Islamic Iran will continue the country's construction under the worst conditions, and the pressures imposed (on Iran) by the arrogance through its sanctions leave no effect on Iran's power."

Ahmadinejad stated that Iran has now become a role model for the other world countries, adding that Tehran is sending the message of peace, hope, brotherliness and bright future to the other world nations.

He further stressed Iran's strong influence on the world, adding that the county has now become ray of hope for all nations.

Iran is under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment, saying the demand is politically tainted and illogical.

Political observers believe that the United States has remained at loggerheads with Iran mainly over the independent and home-grown nature of Tehran's nuclear technology, which gives the Islamic Republic the potential to turn into a world power and a role model for the other third-world countries.

## Sanctions Signify Enemies' Anger at Iran's Scientific Progress \*

Nov. 27, 2011

Fars News Agency

<http://english.farsnews.net/newstext.php?nn=8909061299>

TEHRAN (FNA)- Enemies' sanctions against Iran are not the result of their opposition to Iran's nuclear program and activities, but an intense reaction to Iran's scientific progress, a senior commander of the Islamic Revolution Guards Corps (IRGC) said Saturday.

"Enemies' sanctions have been imposed not because of their opposition to Iran's access to nuclear energy, but because of their wrath and anger at the advancement of the scientific movement and scientific production in Iran," Commander of IRGC's Corps in the Northern Gilan province said addressing a gathering of the elite, innovative and creative students of Basij (volunteer forces) this morning.

Hamoun Mohammadi reminded the strategic features of the Middle-East, and said good geographical position has given vital importance to this region from the view point of global trade and all the world powers, thus, want to dominate the Middle-East.

"A large part of global interests lie in the Persian Gulf, and the world powers want to keep the regional countries under their yoke so that they can rein the region," he added.

He said Iran's national power has made superpowers come into confrontation with the Islamic Republic because they view Iran's national power as a major impediment to their domination over the region.

Reminding that scientific progress is a major constituent of any given country's national power, the IRGC commander stated, "Therefore, Iran's accelerating move towards scientific progress and advancement has been the target of western attacks and plots, specially considering that Iran's political power at the end of the US-backed Iraqi imposed war on Iran (1980-1988) brought the West into this conclusion that it cannot defeat Iran through military invasion."

Iran is under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment, saying the demand is politically tainted and illogical.

Political observers believe that the United States has remained at loggerheads with Iran mainly over the independent and home-grown nature of Tehran's nuclear technology, which gives the Islamic Republic the potential to turn into a world power and a role model for the other third-world countries.

## Adviser to Ahmadinejad says West's sanctions have failed

By Thomas Erdbrink and Kay Armin Serjoe

Nov. 24, 2010

Washington Post Foreign Service

<http://www.washingtonpost.com/wp-dyn/content/article/2010/11/23/AR2010112307004.html>

TEHRAN - More than a year has passed since the last negotiations between Iran and world powers, which were followed by increasingly tough Western sanctions, military threats and alleged technological attacks on the Islamic republic's nuclear program.

Now, as Iran prepares for new negotiations tentatively scheduled for Dec. 5, a top adviser to President Mahmoud Ahmadinejad says that measures designed to pressure Iran have been useless and that it is time for the United States and other Western nations "to stop fooling themselves" over their effectiveness.

Mojtaba Samareh Hashemi, 52, a foreign policy expert and longtime confidant of Ahmadinejad's, said in an interview Monday that actions such as the banning of Iranian ships from European ports, a fuel blockade against Iran Air and increasing financial restrictions have had "no noticeable effect" and that the failure of the sanctions has propelled the West to restart talks - a direct contradiction of the U.S. view.

"The delay in the negotiations has been a good opportunity for the other side to realize the effects of its political decisions," Samareh Hashemi said. "We hope they will make the best use of" it.

His words shed light on Iran's probable stance when it meets with the United States, Russia, China, France, Britain and Germany next month for the first time since October 2009.

Tehran has signaled that it will want to broaden the discussions beyond its nuclear program, asking its six counterparts to declare their positions on Israel's alleged possession of nuclear weapons and their commitment to nuclear disarmament.

Samareh Hashemi elaborated on that request. "If they do not state any response on these questions, it means they have not chosen the path of friendship," he said, adding that this would not preclude talks but would force Iran to take a tougher position. "Not answering these questions will mean they have decided not to commit to nuclear disarmament and support the Zionist regime being armed with nuclear weapons."

It has been difficult to gauge the effect of the sanctions because of the global economic crisis and the Iranian government's erratic economic policies. What is clear is that the U.S. campaign aimed at persuading nations and multinational companies to stop doing business in Iran has not led to any official change in Iran's position regarding its nuclear program.

Samareh Hashemi said, however, that Iran's negotiators will consider proposed changes to a plan to swap nuclear material that failed after last year's talks.

Under that plan, Iran was to receive special nuclear fuel for a 43-year-old U.S.-built medical reactor in Tehran in exchange for shipping out 2,645 pounds of its low-enriched uranium stockpile. Washington says Iran reneged on the arrangement after initially agreeing to it. In Iran's view, the deal - backed by the United States, Russia and France - fell through after all the parties involved could not agree on the details. A similar deal struck in May by Turkey, Brazil and Iran, in which Iran would ship the uranium to neighboring Turkey, was not accepted by Western countries.

U.S. officials have said they now plan to ask Iran to ship a higher amount of low-enriched uranium out of the country, something Iran rejected last year. But such a suggestion would now not be turned down immediately, Samareh Hashemi said. "It is not like we don't listen to new proposals."

He said, however, that any deal would not stop Iran from producing higher-enriched uranium, up to a level of 19.75 percent, needed for running the medical reactor. Iran now buys from Russia and Turkey the medical isotopes that the reactor normally produces.

Samareh Hashemi said Iran wants to be able to make the fuel, despite the technical challenges involved. "Just because you can purchase something from abroad does not mean you should not produce it yourself," he said.

Efforts to produce the higher-enriched uranium have raised suspicions that Iran is attempting to increase enrichment to weapons-grade level under the guise of addressing medical needs.

Samareh Hashemi's remarks came a week after U.S. Defense Secretary Robert M. Gates said that the sanctions had caught Iranian leaders by surprise and are causing a rift between Ahmadinejad and Iran's supreme leader, Ayatollah Ali Khamenei.

"Such statements are uninformed and illustrate the wishful thinking of this American secretary of defense," Samareh Hashemi said. "It is surprising a person at such a high level in the U.S. government can be so uninformed."

## EC Secretary Downplays Effects of Sanctions against Iran \*

Nov. 13, 2010

Tabnak

<http://www.tabnak.ir/en/news/2674>

Speaking to FNA about the current conditions of the country under the existing pressures and sanctions imposed by the West, Rezaei reminded that the West has targeted Iranian people rather the government through sanctions.

"And so far, sanctions have left no effect on people' lifestyle," he stressed.

He added that the country can turn the sanctions into opportunities if it starts mobilizing the public for production of goods and services.

Rezaei further said that the effects and results of enemies' pressures against Tehran would depend on the level and extent of the activity shown by the Iranian people and government in decreasing the impacts of enemy pressures.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

The US-led West accuses Iran of trying to develop nuclear weapons under the cover of a civilian nuclear program, while they have never presented any corroborative evidence to substantiate their allegations. Iran denies the charges and insists that its nuclear program is for peaceful purposes only.

Tehran stresses that the country has always pursued a civilian path to provide power to the growing number of Iranian population, whose fossil fuel would eventually run dry.

Political observers believe that the United States has remained at loggerheads with Iran mainly over the independent and home-grown nature of Tehran's nuclear technology, which gives the Islamic Republic the potential to turn into a world power and a role model for the other third-world countries.

## **Official: Sanctions Accelerate Iran's Efforts to Achieve N. Progress \***

Nov. 13, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8908221782>

TEHRAN (FNA)- A senior official of the Atomic Energy Organization of Iran (AEOI) lauded Tehran's achievements in nuclear fields, and said that western sanctions and pressures have encouraged Tehran to develop its needed nuclear know-how domestically.

"These sanctions made us develop many of the nuclear technologies we need in the long-run domestically," Deputy Head of the AEOI Behzad Soltani told reporters on the sidelines of the 11th exhibition of nuclear achievements at the Islamic Azad University of Mashhad in Northeastern Iran on Saturday.

"In fact, all (Iran's) achievements acquired in the nuclear industry have been made during the period of sanctions," Soltani noted.

"Western sanctions have enhanced the level of our nuclear achievements in the country and caused us to develop many nuclear technologies indigenously," he continued.

Meantime, the Iranian official stressed that all Iran's nuclear activities are carried out under the full supervision of the International Atomic Energy Agency (IAEA), and said that the country plans to use nuclear energy for achieving better and more technologies and promoting welfare of the Iranian nation.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Yet, after the UN Security Council approved the fourth round of sanctions on Iran on June 9, the United States and the European Union started approving their own unilateral sanctions against the Islamic Republic over its nuclear program, mostly targeting the country's energy and banking sectors.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

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## **Gas Official: Iran Fully Capable of Repairing Refineries despite Sanctions \***

Oct. 21, 2010

Fars News Agency

<http://www.iranenergyproject.org/2103/gas-official-iran-fully-capable-of-repairing>

TEHRAN (FNA)- A senior Iranian gas official stressed that sanctions imposed on Iran's energy sector by the West have not left any negative impact on the country's ability to accomplish overall repairs in the country's refineries, thanks to the local companies and experts' capabilities in the field.

"The Oil Ministry's Department for Engineering has a list of Iranian local companies which, thanks to their hard work and efforts, have been able to acquire the necessary possibilities and equipment for doing overall repairs at refineries," Javad Ghaffarian, the official in charge of the Contracts Affairs Department of the South Pars Gas Complex, told reporters in Iran's Southern port city of Assalouyeh.

"Fortunately, we have so far been able to remove refineries' repair and maintenance problems with the cooperation of the Iranian companies," Ghaffarian reiterated.

He further explained that the issue of overall repairs in South Pars Gas Complex is always mentioned in the repair contracts held with the private sector companies, and added that all repair and maintenance contracts are currently implemented by local companies.

Iran, which sits on the world's second largest reserves of both oil and gas, is facing US sanctions over its civilian nuclear program.

Iranian officials have dismissed US sanctions as inefficient, saying that they are finding Asian partners instead. Several Chinese and other Asian firms are negotiating or signing up to oil and gas deals.

Following US pressures on companies to stop business with Tehran, many western companies decided to do a balancing act. They tried to maintain their presence in Iran, which is rich in oil and gas, but not getting into big deals that could endanger their interests in the US.

Yet, after oil giants in the West witnessed that their absence in big deals has provided Chinese, Indian and Russian companies with excellent opportunities to sign up to an increasing number of energy projects and earn billions of dollars, they started showing increasing interest to invest or expand work in Iran.

The United States and the European Union started approving their own unilateral sanctions against the Islamic Republic over its nuclear program, mostly targeting the country's energy and banking sectors, including a US boycott of gasoline supplies to Iran.

The US Senate passed a legislation to expand sanctions on foreign companies that invest in Iran's energy sector.

The US-led West accuses Iran of trying to develop nuclear weapons under the cover of a civilian nuclear program, while they have never presented any corroborative evidence to substantiate their allegations. Iran denies the charges and insists that its nuclear program is for peaceful purposes only.

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## **MP: Iran's Targeted Subsidy Plan Defuses Effects of Sanctions \***

Oct. 30, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8908080913>

TEHRAN (FNA)- The targeted subsidy plan devised by the Iranian government to reform the country's economic system can assure the nation of the ineffectiveness of the unilateral and international sanctions against the country, an Iranian legislator said on Saturday.

"The law for targeted subsidies can harness the crises and threats created and imposed by the big powers, specially the US, against Iran to some extent," Shakour Akbarnejad told FNA.

Noting that the Iranian nation has been under different sanctions and boycotts during the last 30 years after the Islamic Revolution, he reiterated that economic pressures and embargoes have had no major effect on the country's progress.

"History has shown that sanctions have left no negative impact on the Iranian nation's movement and we have, in a word, become accustomed to them.

"Yet, these hostile attitudes (i.e. sanctions) make implementation of the plan even more necessary," he continued.

The targeted subsidy system will definitely strengthen the Iranian nation, Akbarnejad said, and added, "If the implementation of this plan decreases energy consumption in the country, then will become more resistant against sanctions."

The Iranian parliament in early January passed a bill proposed by the government of President Mahmoud Ahmadinejad, which is aimed at distributing a portion of the revenues recovered from rolling back subsidies on fuel and some food items in the form of direct payments to low-income Iranians.

The government has undertaken to deposit the payments into accounts opened for individuals two months before the implementation of the plan to partially compensate for possible resulting price hikes.

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## Supreme Leader Downplays Effect of Sanctions against Iran \*

Oct. 19, 2011

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8907271493>

TEHRAN (FNA)- Supreme Leader of the Islamic Revolution Ayatollah Seyed Ali Khamenei played down effectiveness of western sanctions against Iran, stressing that Iranians have learned how to confront such pressures.

"Iran and the Iranian nation have been under sanctions since the early years after the (Islamic) Revolution and know the way to confront them," Ayatollah Khamenei said, addressing people in the Central province of Qom on Tuesday.

Supreme Leader also reiterated that the sanctions recently imposed against Iran by the UN Security Council and a few western countries were planned to create a rift between the Iranian people and the government, but failed to affect people's lives.

Referring to Iran's great progress and advancement in different scientific, industrial and economic fields, he underlined that today the Iranian nation is more hopeful about its future than the past.

"Due to the very same reason, the Iranian nation will stand firm in the confrontation against conspirators," Ayatollah Khamenei stressed.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

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## Iran: Confidential Report Warns Sanctions Could Cause Economic Collapse

By Yves Bourdillon

12 Oct 10

[echos.fr](http://echos.fr)

According to a confidential report addressed to the supreme leader, to which Les Echos has had access, the Iranian economy could "collapse within a year," as a result of Western sanctions, unless stringent measures are adopted.

A confidential report addressed at the end of September to Iran's supreme leader, Ayatollah Ali Khamenei, highlights the "substantial" risks "of economic collapse within less than a year" as a result of the international sanctions adopted to force the country to abandon its nuclear program. According to a generally well-informed source in Tehran, this report, to which Les Echos has had access, drafted by economists of the central bank and the Economy and Oil Ministries, states that the UN sanctions and those added in July by the United States and the EU place a considerable burden on the commercial, financial, and oil sectors.

Oil, which brings in two-thirds of the state's revenue, is suffering as a result of the withdrawal of Western companies, forced to choose between their interests in the United States and Iran. As France's Total, the UK's and Netherlands' Shell, Norway's Statoil, and Italy's ENI have suspended all investments, perhaps soon to be followed by Japan's Inpex, the lack of foreign maintenance and spare parts is affecting oil production, which fell from 4.2 million barrels a day in mid-2009 to 3.5 million during the past summer.

### **Fuel shortages**

Gasoline supplies are becoming a problem (for lack of investment in refining, Tehran, though it possesses the world's third largest reserves of black gold, has to import one-third of what it consumes.) The supplier of half these imports, Tupras, a company based in Turkey, albeit an allied country, suspended its operations at the end of August, following Switzerland's Vitol and Glencore, India's Reliance, and Russia's Lukoil. Fuel now comes in from Turkmenistan, China, Venezuela, and Iraq -- as contraband. In the industrial field, at the end of September Korea's Kia and Germany's Thyssen followed Caterpillar, Toyota, Daimler, and Hewlett Packard by suspending their activities. Allianz, Munich Re, and Lloyds now refuse to insure cargo ships and aircraft supplying Iran, while the funding of foreign trade is becoming very complex matter, since all Western banks avoid any contact with Iran. UAE banks, via which half Iran's imports pass, severed ties with the country two weeks ago, which has resulted in a shortage of greenbacks (and a sharp rise in the dollar rate, to 10,900 rials.) The regime also warned Saturday that it would suppress the demonstrations and strikes by traders that are likely to follow the elimination, starting 23 October, of the costly subsidies for food products and fuels (10 percent of GDP.)

The confidential report, which estimates the potential cost of the sanctions at several tens of billions of dollars during the course of a year, advises Ayatollah Khamenei, the country's supreme leader, ahead of President Ahmadinezhad, to adopt "drastic measures to avert a grave crisis," which, without paralyzing the country, would cause shortages and innumerable bankruptcies within the next 12-18 months, according to some of its authors. This would involve "urgently redirecting foreign trade" to China, Russia, and India, "increasing reserves of food products and fuel," and, despite the technical obstacles, "converting to other currencies," the central bank's dollar and euro reserves, for instance to yuans.

## Iran's Economy Feels Sting of Sanctions

By Farnaz Fassihi

Oct. 12, 2010

[http://online.wsj.com/article/SB10001424052748703735804575535920875779114.htm](http://online.wsj.com/article/SB10001424052748703735804575535920875779114.html)  
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Shortages, Layoffs and Inflation Fears Are Seen Four Months After U.N. Measures; a 'Chaotic and Unpredictable' Market

Iran's economy is under increasing strain four months after the latest international sanctions against Tehran, say Iranian businessmen, traders and consumers, who describe spreading pain from inflation, joblessness and mounting shortages.

In interviews from within Iran, these people paint a picture of unsteady supply chains and disrupted exports. Ordinary Iranians say they worry they will be caught paying more for goods and services even as the government trims subsidies.

Iran's Central bank has released inflation data separately but it has not released its economic annual report for three years. But anecdotally, these Iranians say, weaknesses in their economy appear to have been magnified since June, when the United Nations, European Union and U.S. began stepping up measures aimed at deterring Tehran's nuclear program.

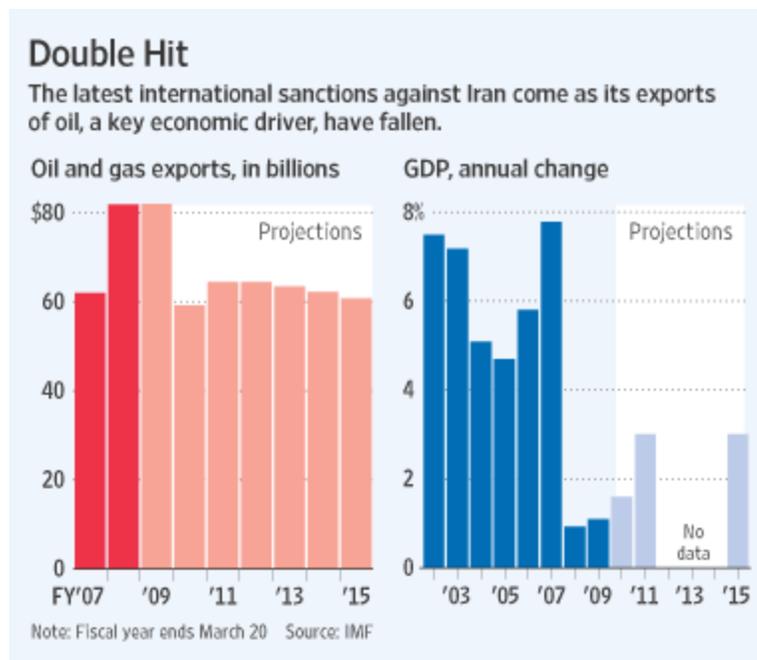
"Every morning, we go to work wondering how we will manage the day," says Gholam Hossein, a Tehran brick-factory owner. "The market is chaotic and unpredictable. One day we can't move our goods from the port. Another day we can't open a letter of credit."

An industrial-machinery importer says operating costs have risen at least 30% because of new shipping and insurance restrictions on Iran-bound cargo, costs to be passed on to consumers. A retired accountant in Tehran says her pension is now stretched thin. "Inflation is putting a lot of pressure on people," she says. "It's on everyone's minds."

The sanctions are an attempt to force Iran to reconsider its nuclear ambitions—which Tehran says are peaceful, but the U.S. and others say are directed toward weapons production. The measures have brought new scrutiny to shipping and financial transactions. Some foreign firms have suspended or limited their transactions with Iran.

Layoffs and worker strikes at state companies have been rarities in Iran. But a pharmaceutical company owner said he recently curbed production and laid off at least 40 employees because of the increasing time and cost of importing raw materials. Iran's ILNA news agency, meanwhile, reported that last week workers walked off the job at government-owned factories—two tire plants and a cooking-oil maker—saying they hadn't been paid in as long as four months.

"The economic crisis we are witnessing today is a direct result of the sanctions—and Iranian officials who say otherwise are fooling themselves," said Mojtaba Vahidi, who served as a top-level manager for nearly two decades in Iran's ministries of finance and industry. Mr. Vahidi was an economic adviser to a losing candidate in Iran's last presidential elections and now lives in the U.S.



It is still too early to say whether new international measures will force the intended concessions. Iran has sizable hard-currency reserves to absorb shocks, and the isolation of its banking sector protected the country from the worst of the global financial crisis.

Iranian President Mahmoud Ahmadinejad told reporters in New York recently that the economy is healthy. He and other Iranian officials say Iran is adept at surviving sanctions and that the new measures will only make the country more self-sufficient.

But at least one emergency measure imposed by Tehran to limit the impact of its growing isolation has instead magnified the problem. Iran—which is oil-rich but is nonetheless a net importer of gasoline—said it would reconfigure its petrochemical plants to make gasoline after Washington targeted foreign supplies of the fuel in July.

Afshin Nourshahi, production manager of a privately owned industrial paint maker west of Tehran, said that in the past few weeks it has become difficult to buy chemical-based raw materials that are also used gasoline production. He has decreased production. "We are waiting to see if we can survive the crisis or we will be forced to close in the next few months," he said.

Eisah Gharibi Kalbir, chairman of Iran's plastic-industry union, which represents private businesses and hundreds of thousands of workers in negotiations with the government, said he expects prices of plastic items such as water bottles to double over the next few months because of the shortfall of raw materials.

In another apparent ripple effect from sanctions, Iran's rial currency experienced its first major fluctuation in years. The dive began Sept. 29, when Iranian banks temporarily stopped selling dollars and euros. Private money-exchange shops, too, stopped selling as well, money traders said. Traders blamed the plunge—as much as 22% against the dollar—on difficulty in accessing foreign currency because of extra scrutiny by overseas banks.

"The channels for transferring money in and out of Iran have shrunk significantly over the past few months," said the owner of a prominent Tehran money-exchange shop.

Iran's Central Bank eventually stabilized the currency at around 10,700 rial to the dollar, close to its typical level, with an injection of foreign currency. At the same time, money traders say, Iranian authorities have also tightened their monitoring of capital leaving the country. "We are under tremendous amount of pressure," said the money trader. "Every week someone comes in here demanding to look at our books."

While Iran's troubles appear to have been exacerbated by sanctions, much can also be traced to government economic policy. President Ahmadinejad, in his first term, spent lavishly and eased credit as part of a series of populist programs. Since then, lower oil prices have made such programs less sustainable.

The International Monetary Fund forecasts Iran's economy will grow 1.6% this year, from 1.1% in 2009 and 1% in 2008 and 7.8% in 2007.

As part of its efforts to rebalance the economy, the government has in the past year proposed income-tax increases on traders in gold, steel, fabrics and other sectors, prompting several work stoppages by merchants. For more than two weeks, gold traders in Tehran and 12 other cities have been on strike, seeking to negotiate lower taxes.

Merchants say higher levies will exacerbate inflation that is already crimping consumers' purchasing power. "We deal with people every day and know they are suffering," says one merchant in Tehran.

The government is also considering cutting food and fuel subsidies, which could bring greater pain. A household of four now typically receives nearly \$4,000 a year in government gas, oil and electricity subsidies, according to the IMF. Mr. Ahmadinejad fought for legislation, passed in January after a year of wrangling, to gradually phase out those subsidies and save about \$100 billion a year.

Cuts that were set to take effect Sept. 23 but have since been delayed are expected to boost prices of subsidized food items such as wheat, rice, oil, milk and sugar. On Thursday, the government said it would deploy a task force to talk to merchants and consumers about how to introduce the plan with minimal pain.

Iran says it has brought inflation from above 25% in 2008—a time of regionwide overheating due to soaring oil prices—to under 10% this year. The IMF, too, estimates inflation is now about 10%, but warns that the subsidy cuts could send the rate to 30%.

Some economists and analysts, including Mr. Vahidi, say inflation is already over 25%. The government rejects those numbers.

Consumers are fearful. A 35-year-old lab worker in Tehran says nearly 80% of her family's utility bill was covered by subsidies. "We have no idea how my husband and I can afford to pay this ourselves," she said.

Some regime insiders, including former president Ayatollah Ali Akbar Hashemi Rafsanjani, have warned the regime not to downplay the impact of sanctions. Mr. Rafsanjani, a bitter rival of Mr. Ahmadinejad, remains a powerful force in Tehran's conservative clerical leadership.

"I would like to ask you and all the country's officials to take the sanctions seriously," he told Iran's Assembly of Experts, the country's highest clerical body, in September. "And not as a joke."

## Sanctions begin to compound Iran's severe economic problems

By Thomas Erdbrink

Oct. 5, 2010

Washington Post Foreign Service

<http://www.washingtonpost.com/wp-dyn/content/article/2010/10/05/AR2010100505972.html>

TEHRAN - President Mahmoud Ahmadinejad's government, already faced with growing opposition from competing political forces within [Iran](#), is confronting new pressure brought on by severe economic problems, including some triggered by international sanctions.

The sanctions, intended to push the country to abandon its nuclear program, are not yet crippling the Islamic Republic, economists and analysts say. But they are causing prices to rise and making it increasingly difficult for Iranian companies to work internationally.

U.S. officials have noted recently that the sanctions are having an impact, and also acknowledged the confluence of challenges. "This all comes at a time when Iran is especially vulnerable because of its government's economic mismanagement and narrowed political flexibility," Stuart Levey, a senior U.S. Treasury official, said in a Sept. 20 speech.

"We are already receiving reports that the regime is quite worried about the impact of these measures, especially on their banking system and on the prospects for economic growth," Levey said. "And, as pressure increases, so has internal criticism of Ahmadinejad and others for failing to prepare adequately for international sanctions and for underestimating their effect."

The sanctions are taking hold as Iran prepares to implement a major overhaul of how its state subsidies are distributed, giving direct payments to the poor while allowing prices of basic commodities such as bread, electricity and gasoline to rise by large percentages.

The confluence of the sanctions, concerns over the subsidy redistribution and possible budgetary problems have made the Iranian economy extremely fragile, as was apparent Sept. 25, when Iran's currency, the rial, took a deep dive.

Following fresh financial sanctions from the United Arab Emirates, the Islamic Republic's Central Bank did not intervene as the rial - stable for over a decade - plummeted by 15 percent, leaving traders and importers with evaporating bank accounts.

It's not clear whether the Iranian government was caught by surprise by the impact of the U.A.E. measures or deliberately hesitated. But it waited a full week before starting to sell its petrodollars, trading them at a considerably higher rate than it would have received a week before and making a profit on the sales.

The absence of well-defined policies to address these fundamental issues is making economists, businessmen and some officials increasingly nervous.

"It is a little bit difficult to see a clear economic strategy from the government," said Mohammad Nahavandian, the head of the Iran Chamber of Commerce, Industries and Mines. "Different ministries are coming up with different policies. It seems they react to the facts of the day," he said.

While international sanctions increasingly are hurting the government and the private sector, Iranians seem to have faith in their economy. Tehran's stock market has seen a huge increase in trade, and there is no clear sign of a significant capital flight.

But faced with dwindling buying power, many Iranians are reconsidering their faith in the currency, a shift that could prove to be more significant than the sanctions.

The increasing exchange rate and the lack of foreign currency led to chaotic scenes at some banks. "People were literally screaming and yelling at the foreign exchange counters," said a middleman operating in Iran's vibrant steel industry, on the condition of anonymity. "They wanted dollars because the prices of goods they bought abroad was rising by the minute but nobody could give them any. It was chaos."

He and other traders operating on Iran's free market, the bazaar, saw profits disappear as the rial slid down versus the dollar. Steel prices have already increased by nearly 50 percent in the past two months because of the sanctions.

In the first sign that Iranians are becoming nervous about the currency, some businessmen are starting to send cash abroad. "People are traveling outside with their pockets stuffed with hundreds of thousands of dollars," the steel trader said. "We feel the government is intentionally trying to break our backs."

The government says its all-encompassing "economic evolution plan" - which includes the reduction of state subsidies and an increase in taxes and tariffs - will help combat monopolies and corruption.

Opponents say the plan is aimed at increasing the government's income and influence and warn that a shock implementation will lead to unrest.

The government maintains that the goal of the subsidies plan is to elevate Iran's poor, who, Ahmadinejad says, do not benefit from the current system. Instead, by keeping many prices artificially low, the existing structure mostly helps the middle classes, who consume more.

Many in that group, already affected by a sluggish economy, are preparing themselves for the change. They fear they will not be able to pay utility bills, which are expected to rise by at least 40 percent, but potentially much higher. A typical electricity bill for an urban middle-class family could rise from \$8 a month to \$48 dollars, according to bills that mention the price change. With average income of \$500 a month, people would find such price hikes shocking - prompting officials to brace for possible protests.

To counter those increases, some groups designated as poor will receive handouts up to \$40 a person each month.

Analysts doubt that the Ahmadinejad government has the money it needs to make all those handouts. The government has declared the contents of the treasury a state secret, and even parliamentarians don't know how many billions of dollars remain after two years of lower oil prices.

Many in the private sector, which makes up about 25 percent of Iran's economy, say they are victim of both government polices and the sanctions.

"The goal of these sanctions is to change the political behavior of the government - in the nuclear field," Nahavandian said. "But instead it has intensified their political stances."

## **Minister: Iran's Progress in Drug Production Provoked by Zionists' Sanctions \***

Sept. 26, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8907041581>

TEHRAN (FNA)- The sanctions and boycotts imposed by certain western countries and the Zionist regime on the supply of medicine to Iran stimulated Tehran to make progress in drug production and move towards self-sufficiency in this field, the Iranian health minister said on Sunday.

"Giant drug-manufacturing companies, some of which are affiliated to the Zionists, have always played a role in (imposing) drug sanctions on Iran and these boycotts have been the main cause of Iran's progress in drug production," Marzieh Vahid Dastjerdi said in a meeting with her visiting Lebanese counterpart Muhammad Jawad Khalifa.

Noting that Iran is now supplying 96% of its drug needs through domestic production, Vahid Dastjerdi described the sanctions imposed by the West against Tehran as the main incentive for the country's progress in this field.

Elsewhere, she called for Lebanon and other Islamic countries' cooperation with Iran in manufacturing drugs, and said the potentials of the Muslim world should be used in this regard so that "we can export medicine not only to the region but also to the rest of the world".

Vahid Dastjerdi's remarks came after Iran announced earlier this month that it plans to synthesize 20 kinds of radiomedicine inside the country, stressing that its scientists are capable of supplying the 20%-enriched uranium needed for the production of such drugs.

"Iran has gained the necessary preparedness to produce 20 radiomedicines and we will provide the 20% (enriched) fuel needed for the production of these medicines this year," Deputy Head of the Atomic Energy Organization of Iran (AEOI) for Planning, International and Parliamentary Affairs Massoud Akhavan-Fard told FNA.

Reminding that the Tehran research reactor has long been used for producing radiomedicines, he announced that Iran plans to build four other research reactors in the other parts of the country.

## Vice President Declares That 'Iran Has Become Gasoline Exporter' \*

Sep. 24, 2010

Tehran Khabaronline

While the US has intensified sanctions on the export of gasoline to Iran, Iran's vice president [Mohammad Reza Rahimi] reported that Iran will very soon export three shipping tankers containing gasoline to other countries. Accordingly, Iran will soon turn into an exporter of gasoline. Previously, when the West described gasoline as being Iran's Achilles' heel, more than 20 million liters of gasoline were being imported into the country, but Iran was supposed to become independent of gasoline imports by 2012 [Iranian year 1391].

This is happening despite the fact that, in view of intensified sanctions against Iran and some countries' attempts to sell gasoline to Iran, our country's oil officials have used the country's existing petrochemical units to increase the country's gasoline production to 66.5 million liters a day. This means that Iran became self-sufficient in gasoline production even earlier than the promised time, and, according to the vice president, the Islamic Republic will soon turn into an exporter of gasoline.

Under these circumstances, the country's oil officials have reported that gas exporting countries that had previously tried to increase the price of exported gasoline to Iran day by day, using such pretexts as sanctions and high economic risks, are now showing more interest in exporting gas to Iran. It has repeatedly been announced in the news that countries such as Turkey and Venezuela are selling gasoline to Iran at higher Persian Gulf FOB [freight on board] prices.

The Reuters news agency published a report noting increased gasoline exports by Turkey to Iran in which Reuters refers to Turkey's gasoline exports to Iran and emphasizes that, in June, 138,000 tons of gasoline were exported to Iran for which Iran paid \$121.8 million, which works out to \$878 per ton. Although this piece of news has not yet been confirmed by any official Turkish or Iranian sources, if true, it means that Iran has paid Turkey an extra \$174 per ton (174,279 tomans) compared to the global prices.

In the month of June, the average price for every liter of gasoline was \$0.52 (520 tomans), whereas, according to Reuters' sources, Iran has imported gasoline from Turkey at a rate of \$0.65 (649 tomans) per liter. According to this report, every ton of gasoline equals 1,351 liters, which means that every liter of gasoline from Turkey costs approximately \$0.65 (649 tomans), which is \$0.13 (129 tomans) more expensive than the Persian Gulf FOB price.

On the other hand, 44 million liters of gasoline had been produced daily inside the country, and Iran had no choice but to import more than 20 million liters of gasoline daily to supply the country's needs. However, according to [Masoud] Mirkazemi, Iran's oil minister, this

was stopped a month ago, and the little gasoline that is now being imported is connected with Iran's previous orders. Mirkazemi did however stress: "There is a possibility of new orders for the import of gasoline, but, if any imports take place, their purpose will undoubtedly be the strategic storage of this product. Otherwise, there is no longer any need for the import of this product to supply the country's daily requirements."

At the moment, Iran supplies 22 million liters of its gasoline from the production of gasoline in petrochemical complexes and increased production in some oil refineries. As indicated by published reports, the plan to produce super gasoline has started in six petrochemical complexes, and, currently, 6 million liters of super gasoline are being produced daily at the Nuri Petrochemical Complex (Borzuyeh). The report also adds that gasoline production in the Borzuyeh Petrochemical Complex will increase to 7 million liters daily within the next three weeks. At the moment, the Jam Petrochemical Complex is also producing less than 1 million liters of gasoline every day.

According to past statements by the oil minister, in total, facilities have been provided for the simultaneous production of gasoline in Arak, Buali Sina, Amirkabir, Imam Khomeyni Port, Borzuyeh, and Jam Petrochemical complexes. Mirkazemi has also said that, with the production of super gasoline in these petrochemical complexes and its mixture with the gasoline produced by oil refineries, Iran's gasoline production capacity has increased to 66.5 million liters daily.

In keeping with this plan, by the middle of March (Esfand) next year and once several gasoline producing plans have been launched in domestic refineries, approximately 17.7 million liters of gasoline will be added to the oil refineries' gasoline production capacity.

## Factbox: Foreign companies stepping away from Iran

Sept. 23, 2010

Reuters

<http://www.reuters.com/article/2010/09/23/thyssenkrupp-iran-companies-idUSLDE65R10220100923>

LONDON (Reuters) - Germany's ThyssenKrupp said on Thursday it would freeze new business with Iran with immediate effect in response to ever-harsher sanctions against the Islamic Republic.

Iran's day-to-day business is affected by tighter international, U.S. and European Union sanctions imposed in response to Western fears the country's nuclear activities are aimed at making a bomb. Tehran says it has no such intention.

Following are key facts on some companies that have been moving away from Iran and on others that are still dealing with the country:

### MOVING AWAY FROM IRAN

\* ThyssenKrupp, Germany's biggest steelmaker, said on Thursday it would not enter into new contracts with Iran and would terminate existing contracts in support of sanctions policies of Germany, the European Union and the United States.

\* BP confirmed in July it had stopped supplying jet fuel to Iran Air at Germany's Hamburg airport.

-- BP declined to give a reason for ending the contract, but the halt in supply followed reports Iranian aircraft had been denied fuel because of the latest set of U.S. sanctions.

\* Royal Dutch Shell would not renew its contracts to supply Iran Air with jet fuel in response to U.S. pressure to cease business with the Islamic Republic, an industry source said in July.

\* Key shipping associations have created clauses in contracts enabling ship owners to refuse to deliver refined petroleum cargoes to Iran.

\* Lloyd's of London said on July 9 it would not insure or reinsure petroleum shipments into Iran.

\* South Korea's GS Engineering & Construction canceled a \$1.2 billion gas project in Iran on July 1 following the imposition of U.S. sanctions.

\* Spain's Repsol said on June 28 it had pulled out of a contract it won with Royal Dutch Shell to develop part of the South Pars gas field in Iran.

\* French oil group Total on June 28 stopped supplying gasoline to Iran because of U.S. sanctions.

- \* Italy's Eni told U.S. authorities on April 29 it was handing the operation of Darkhovin oilfield in Iran to local partners to avoid U.S. sanctions.
- \* Malaysia's Petronas stopped supplying gasoline to Iran, a company spokesman said on April 15.
- \* Luxury carmaker Daimler announced plans on April 14 to sell its 30 percent stake in an Iranian engine maker and freeze the planned export to Iran of cars and trucks. The announcement followed similar action by German insurers Munich Re and Allianz.
- \* India's largest private refiner, Reliance Industries, would not renew a contract to import crude oil from Iran for financial year 2010, two sources familiar with the supply deal said on April 1.
- \* Oil trading firms Trafigura and Vitol stopped gasoline sales to Iran, industry sources said on March 8.
- \* Ingersoll-Rand Plc, a maker of air compressors and cooling systems for buildings and transport, said it will no longer allow subsidiaries to sell parts or products to Tehran.
- \* Oilfield services company Smith International said on March 1 it was actively pursuing the termination of all its activities in Iran.
- \* Caterpillar, the world's largest manufacturer of construction and mining equipment, said on March 1 it had tightened its policy on not doing business with Iran to prevent foreign subsidiaries from selling equipment to independent dealers who resell it to Tehran.
- \* German engineering conglomerate Siemens said in January it would not accept further orders from Iran.
- \* Glencore ceased supplying gasoline to Iran in November 2009, according to traders.
- \* Chemical manufacturer Huntsman Corp announced in January its indirect foreign subsidiaries would stop selling products to third parties in Iran.
- \* Accounting giants KPMG, PricewaterhouseCoopers, and Ernst & Young have declared themselves free of any business ties to Iran.

#### STILL DEALING WITH IRAN

- \* Russian oil giant LUKOIL resumed gasoline sales to Iran in August together with China's state-run firm Zhuhai Zhenrong, even as the United States urged the global community to be tough with Tehran. In April it had joined a list of companies that halted shipments as sanctions loomed.
- \* China is in talks with Iran to use the Chinese yuan to settle transactions of oil and projects.
- \* Many oil refiners outside the United States still buy Iranian crude oil.

\* Russia has been building Iran's first nuclear power station near the Gulf port city of Bushehr. Iran began loading fuel into the plant on August 21, a symbol of its growing regional sway and its rejection of international sanctions designed to prevent it building a nuclear bomb.

\* The U.S. Government Accountability Office reported in April that 41 foreign companies were involved in Iran's oil, natural gas and petrochemical sectors from 2005 to 2009. In a report in May, the GAO said seven of those companies received U.S. government contracts worth nearly \$880 million.

-- These were: Daelim Industrial Company of South Korea; Eni; PTT Exploration and Production of Thailand; Hyundai Heavy Industries of South Korea; and GS Engineering and Construction of South Korea.

\* Russia's Gazprom confirmed in March it was in talks with Iran on developing the Azar oil field and has also expressed interest in Iran's giant South Pars field.

\* Pakistan's Foreign Ministry said on June 10 that a \$7.6 billion project for export of Iranian natural gas to Pakistan would be unaffected by the imposition of new U.N. sanctions.

## Iranian Armed Forces Downplay Effect of Sanctions against Tehran \*

Sept. 21, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8906301586>

TEHRAN (FNA)- All the different plots hatched and practiced by the world powers against Iran will backfire and will strengthen the country's will and power for progress, the General Staff of the Iranian Armed Forces stressed in a statement on Tuesday.

"There is no doubt that the Iranian nation ... with its deterrent power, all-out defensive preparedness and courage will make the enemies of the Revolution and the Islamic establishment face failure, will inflict heavy and shameful losses and failures on the camp of the world's blasphemous and hegemonic powers through defusing plots and sanctions and will further display the might and greatness of Islam and the strong will of the revolutionary Iranians to the world", the statement said.

The statement was issued on the threshold of the Army Day, September 22, marking the country's resistance against the 8-year-long Iraqi invasion in 1980.

The statement further warned the Iranian nation about enemies' soft war plots, cautioning that such plots and conspiracies are becoming growingly secretive and complicated.

The statement by the Armed Forces General Staff followed West's intensified threats against Iran. Washington and its western allies have increased pressures and sanctions and intensified their war rhetoric against Iran to make the country stop its progress in the field of civilian nuclear technology.

The US-led West accuses Iran of trying to develop nuclear weapons under the cover of a civilian nuclear program, while they have never presented any corroborative evidence to substantiate their allegations. Iran denies the charges and insists that its nuclear program is for peaceful purposes only.

Tehran stresses that the country has always pursued a civilian path to provide power to the growing number of Iranian population, whose fossil fuel would eventually run dry.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

Political observers believe that the United States has remained at loggerheads with Iran mainly over the independent and home-grown nature of Tehran's nuclear technology,

which gives the Islamic Republic the potential to turn into a world power and a role model for other third-world countries.

## **MP: Iran to Remain Unharmed by Fuel Sanctions \***

Sept. 20, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8906291465>

TEHRAN (FNA)- Western sanctions on gasoline supplies to Iran will not harm the country, a member of the Iranian parliament said here in Tehran on Monday, stressing that Iran is now fully capable of meeting the country's domestic needs to gasoline.

"We will face no problem in case the hegemonic system (the western powers) imposes sanctions on the supply of gasoline (to Iran)," member of the parliament's Energy Commission Seyed Ali Adiani-Raad told FNA.

"We have announced decisively that we can supply the country's daily needs to gasoline, given the initiatives which have already been taken and the increase in Iran's refining capacity," Adiani-Raad stressed.

He pointed to Iran's self-sufficiency in gasoline production, and stated, "At present, we do not need to import gasoline for our daily consumption inside the country."

On Saturday, Iranian Oil Minister Massoud Mir-Kazzemi announced that the country had halted placing orders for gasoline purchase from abroad as it has begun increasing its domestic production.

The minister said that Iran would soon increase its gasoline output by one million liters per day.

He said Iran had begun gasoline production in six of its petrochemical units one month ago.

Iran is the world's fourth-largest oil exporter but the country relies on gasoline imports to meet 40 percent of its domestic demand due to the drivers' lavish consumption resulted from the heavily subsidized cheap pump prices.

The US Senate has recently passed a legislation to expand sanctions on foreign companies that invest in Iran's energy sector and those foreign companies that sell refined petroleum to Iran or help develop its refining capacity.

The bill, which later received the approval of the House of Representatives, says companies that continue to sell gasoline and other refined oil products to Iran will be banned from receiving Energy Department contracts to deliver crude to the US Strategic Petroleum Reserve. The bill was then signed into law by US President Barack Obama.

Meanwhile, statistical figures show that the number of the country willing to ignore the US demand and warning to sell fuel to Iran has been on the increase in recent months.

## Speaker: Iran Turns Threats into Opportunities \*

Sept. 20, 2010

Fars News Agency

<http://english.farsnews.com/newstext.php?nn=8906291367>

TEHRAN (FNA)- Iranian Parliament Speaker Ali Larijani played down possible effects of the western sanctions on Iran, and described western pressures and boycotts as stimuli for Tehran's progress.

Addressing people in Iran's central city of Isfahan, Larijani supported President Ahmadinejad's remarks in New York about ineffectiveness of the western sanctions.

"These are true words that if we come into harmony to deal with the main issues and serve the people, these sanctions will definitely be turned into opportunities," Larijani said on Monday.

Ahmadinejad, who is in New York to attend the 65th UN General Assembly meeting, dismissed effectiveness of the western sanctions against Tehran, and stressed that such pressures would only speed up Iran's progress.

"I am sure that Iran's economic progress will be boosted by this wrong decision (of the West) because Iranian people know well how to turn threats into opportunities," Ahmadinejad said in an interview with ABC news on Sunday.

President Ahmadinejad further stressed that the Iranian nation attaches no importance to the United States' unilateral sanctions against the country, and stated, "These sanctions are not important for the Iranian nation because they (the westerners) have (indeed) sanctioned themselves."

"This (sanctions) is an unjust act in international equations," Ahmadinejad added.

After the UN Security Council ratified a sanctions resolution against Iran in June, the United States and the European Union imposed unilateral sanctions against the Islamic Republic over its nuclear program, mostly targeting the country's energy and banking sectors.

Despite the rules enshrined in the Non-Proliferation Treaty (NPT) entitling every member state, including Iran, to the right of uranium enrichment, Tehran is now under four rounds of UN Security Council sanctions for turning down West's calls to give up its right of uranium enrichment.

Tehran has dismissed West's demands as politically tainted and illogical, stressing that sanctions and pressures merely consolidate Iranians' national resolve to continue the path.

## President: West's Sanctions Help Boost Iran's Progress \*

Sept. 19, 2010

Fars News Agency

<http://www.thefreelibrary.com/President%3A+West%27s+Sanctions+Help+Boost+Iran%27s+Progress.-a0237491770>

Iranian President Mahmoud Ahmadinejad, who is in New York to attend the 65th UN General Assembly meeting, dismissed effectiveness of the western sanctions against Tehran, and stressed that such pressures would only speed up Iran's progress.

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The Iranian President, who arrived in the US on the final leg of three-staged trip which also took him to Syria and Algeria, is due to address the participants in the UN meeting.

UN Secretary-General Ban-Ki Moon and US President Barak Obama are among other senior officials who are scheduled to address the high-profile gathering on the first day.

Presidents and prime ministers of 139 countries and foreign ministers of the remaining countries will represent their governments in the summit that begins on September 20.

Delivering a speech at the UN Millennium Development Goals, which will start from Monday, addressing the meetings of Proximity among Religions and Peace Talks and holding talks with the senior officials of various countries are also in Ahmadinejad's itinerary.

Ahmadinejad is accompanied by Foreign Minister Manouchehr Mottaki, Minister of Culture and Islamic Guidance Muhammad Hussein, Minister of Housing Ali Nikzad and a number of his deputies and advisors, including Vice-President for Legal Affairs Fatemeh Bodaqi, Head of Iran's state television Ezzatollah Zarfami and Head of the Presidential Office Esfandiar Rahim Mashae'i.

## Leader: Iran will circumvent sanctions \*

Sept. 8, 2010

PressTV

<http://www.presstv.ir/detail/141674.html>

Leader of the Islamic Revolution Ayatollah Seyyed Ali Khamenei addresses a meeting with Iranian industrialists and manufacturers on Tuesday.

The Leader of the Islamic Revolution has warned against international sanctions against Iran over its nuclear energy program, saying Iran will thwart sanctions.

"The Iranian authorities and nation will undoubtedly circumvent sanctions (against the country) and render them ineffective just as they did over the past three decades and will move ahead with progress and development," said Ayatollah Seyyed Ali Khamenei in a meeting with Iranian industrialists and manufacturers on Tuesday.

The Leader stressed the importance of creating a "truly resistant economy" to counter sanctions and economic pressure by arrogant powers.

He reiterated that the enemies seek to frustrate the Iranian people by exerting economic pressure on the country with the intent of turning the nation against the government by blaming it for poor economic performance.

Ayatollah Khamenei said their goal is to cut ties between the government and nation.

However, they have not known the Iranian nation and are mistaken in their calculations.

The Leader urged Iranian officials to collaborate closely to bring about growth and development in the country.

Under intense political pressure from the US, the United Nations Security Council imposed a fourth round of sanctions on Iran on June 9 over the country's nuclear energy activities. The US and the European Union then brought additional unilateral sanctions on the Islamic Republic

In addition to the Security Council's resolution, the United States and European Union imposed additional unilateral sanctions on the Islamic Republic in an effort to cripple Iran's economy and bend the country's resolve in continuing with its peaceful nuclear program.