

# WebMemo



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## Refocus on Iran: More Sanctions Needed

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Iran's hostile regime has been one of the chief beneficiaries of the political turmoil that has convulsed Egypt and Tunisia, which distracted the United States and other countries from the ongoing standoff over Iran's nuclear program. The dramatic events diverted international attention from Tehran's stubborn refusal to negotiate an acceptable resolution of the nuclear issue at the failed Istanbul talks last month. There is a distinct danger that Tehran will conclude that growing regional instability is tilting the balance of power in its favor and give it greater latitude to withstand international pressure to rein in its nuclear weapons program.

The Obama Administration should vigilantly refocus international attention on Iran's nuclear defiance, support for terrorism, and human rights abuses and ratchet up pressure on Iran's radical regime.

**Failed Nuclear Talks in Istanbul.** Tehran demonstrated that it is not serious about a diplomatic resolution of the nuclear issue by rejecting negotiations with the U.S., four other permanent members of the U.N. Security Council, and Germany at the January 21–22 talks in Istanbul. Tehran refused to discuss "Iran's nuclear rights," including its expanding uranium enrichment program, despite four rounds of Security Council sanctions requiring Iran to comply with its nuclear safeguard obligations. Iran spurned Western efforts to revive a 2009 proposal for a nuclear fuel swap that would have traded some of Iran's growing stockpile of low-enriched uranium for fuel for its Tehran research reactor ostensibly needed to produce medical isotopes. Tehran also demanded that sanctions be lifted as a precondition for any future talks.

Rather than ease sanctions in a myopic effort to salvage vapid talks, the Obama Administration should redouble efforts to escalate international sanctions on Iran's recalcitrant regime. Although Iran's uranium enrichment program has suffered technical delays, including some caused by the mysterious Stuxnet computer virus, Washington must not grow complacent about the amount of time remaining to dissuade Tehran from continuing its nuclear efforts.

Iran is estimated to already possess enough low-enriched uranium to arm at least two nuclear weapons if it is further enriched. Despite a drop in the number of centrifuges operating at Iran's uranium enrichment facility at Natanz, the Federation of American Scientists released a study on January 21 that warned that Iran's enrichment capacity has steadily increased and become more efficient.

Washington should relentlessly ratchet up sanctions on Tehran also because rising oil prices have cushioned some of the impact of previous sanctions on Iran, which exports about 2.2 million barrels of crude per day. Iran earned about \$64 billion from oil exports from January to November 2010, which was approximately \$11 billion more than it earned over the entire year of 2009. Iran's regime, which has gorged itself on state-controlled oil revenues, is

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heavily dependent on oil profits to finance its military buildup and expensive nuclear program and minimize its need for popular support.

Sanctions can be helpful to the extent that they drive up the economic, diplomatic, and political costs that the regime must pay to continue on its present nuclear path. Although the regime is unlikely to halt its nuclear weapons program unless it is convinced that the consequences of continuing will threaten its hold on power, sanctions can also help fuel popular dissatisfaction with the regime that could eventually lead to a change of regime. Such a change would be the best possible outcome not only for American counter-proliferation, counter-terrorism, and human rights goals but also for the Iranian people.

**What the Administration Should Do.** To keep the pressure on Tehran, the Obama Administration should:

- *Push for more U.N. sanctions.* Washington should reject Tehran's claim, backed by Russian Foreign Minister Sergey Lavrov before the Istanbul talks, that sanctions inhibit negotiations on an acceptable agreement with Iran. Sanctions clearly enhance international leverage over Tehran and give it strong incentives to negotiate a deal. Easing sanctions before Iran has complied with the U.N. Security Council resolutions would send a message of weakness and ambivalence that Tehran would exploit to buy more time for advancing its nuclear efforts. The U.S. should cite Iran's contemptuous stonewalling at the Istanbul talks as a clear indication that another round of U.N. sanctions is required. The new resolution should target Iranian officials responsible for human rights violations and restrict foreign investment, technology transfers, and technical assistance for Iran's energy sector—the regime's milk cow.
- *Ratchet up unilateral sanctions regimes against Iran.* While Russia and China are likely to dilute sanctions at the U.N. Security Council, much more can be done to increase pressure on Tehran outside the U.N. framework. Washington should press India, Pakistan, Turkey, and Persian Gulf states to ban foreign investment and technology transfers to Iran's energy sector as the U.S., Aus-

tralia, Canada, the EU, Japan, and South Korea have already done to varying degrees. The U.S. should also press other countries to join in sanctioning foreign firms that export gasoline or refinery equipment to Iran, as the executive branch is authorized to do by the Comprehensive Iran Sanctions, Accountability and Divestment Act (CISADA) of 2010.

- *Strictly enforce U.S. sanctions.* Despite congressional authorization, the executive branch has failed to fully use its power to penalize foreign companies involved in Iran's energy sector, in part to avoid friction with allies. The Obama Administration, which has sanctioned only one foreign company for violations of CISADA, needs to be more forward-leaning to enforce the sanctions. The Foundation for Defense of Democracies has identified more than 20 foreign companies involved in ongoing energy projects in Iran. Congress should exercise its oversight powers to ensure that existing sanctions laws are fully utilized to penalize Iran's dictatorship and its foreign enablers. Congress should also examine loopholes that previous Administrations have created to allow humanitarian aid, food, and medical supplies to be exported to Iran to ensure that such permitted exports are not funneled through companies controlled by Iran's Islamic Revolutionary Guard Corps.
- *Ensure that Chinese companies do not undercut sanctions.* In recent years, Chinese companies have developed extensive commercial ties with Iran. In particular, Chinese oil companies have assumed a growing share of foreign investment in Iran's energy sector, signing agreements to invest more than \$100 billion there. The Obama Administration should press Beijing to rein in these companies and warn that Washington will impose sanctions on these companies if they follow through on those commitments with actual investments. Washington should also take action against any Chinese firms that seek to replace Japanese, South Korean, or Western firms that are pulling out of Iran.

**Two Revolutions on February 11.** Egypt's President Hosni Mubarak was forced out of power on the same day that Iran commemorates its 1979 rev-

olution. But the two revolutions have important differences despite the cynical claims by Iran's tyrannical regime that Egyptians were inspired by Iran's Islamist revolution. In fact, Iran's opposition Green Movement has much more in common with Egypt's young protesters than the thuggish leaders of the regime, who have clamped down even harder on the leaders of the Green Movement to prevent them from demonstrating today in support of Egyptians, as they had planned.

Although the Obama Administration missed the opportunity to clearly state its support for Iran's opposition after it was galvanized by the stolen elec-

tion of June 2009, it should now give at least as much rhetorical support to Iran's struggle for freedom as it did to Egypt's. Tehran's systematic repression of the political freedom and human rights of Iranian citizens deserves condemnation backed by international sanctions as much as Iran's nuclear defiance and support for terrorism.

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