

U.S. DEPARTMENT OF THE TREASURY

Press Center



Levey Op-Ed: "Iran's New Deceptions at Sea Must be Punished"

8/16/2010

WASHINGTON – In an op-ed piece published in Monday's Financial Times, Under Secretary for Terrorism and Financial Intelligence, Stuart Levey highlights Iran's use of its national maritime carrier, the Islamic Republic of Iran Shipping Lines (IRISL), and the international shipping industry to evade international sanctions; announces the latest round of Treasury sanctions targeting three Malta-based IRISL front companies; and stresses the need for governments throughout the world to ensure that new sanctions are translated into action.

To read the piece online, visit link below. The text of the piece follows:

Iran's new deceptions at sea must be punished

By Stuart Levey

In recent weeks, the UN, the US, the EU and others partners have announced new sanctions to hold Iran accountable for conduct surrounding its nuclear and ballistic missile programmes. These actions have significantly expanded and deepened existing sanctions, and seek to combat Iranian efforts to evade increasingly stringent global restrictions.

Substantial attention has already been paid to sanctions in Iran's banking and energy sectors. But the latest round of measures also sharpens the focus on another sector that is a critical lifeline for Iran's proliferation and evasion: shipping. Some of Iran's most dangerous cargo continues to come and go from Iran's ports, so we must redouble our vigilance over both their domestic shipping lines, and attempts to use third-country shippers and freight forwarders for illicit cargo.

Iran has consistently used its national maritime carrier, the Islamic Republic of Iran Shipping Lines (IRISL), to advance its missile programmes and to carry other military cargoes. Some shipments have been stopped, and were clear violations of Security Council resolutions – including arms shipments believed to have been destined for Syria, for transfer to Hizbollah. Using an authority designed to freeze the assets of proliferators of weapons of mass destruction, the US Treasury's Office of Foreign Assets Control (OFAC) first brought sanctions against IRISL in 2008 for providing services to the arm of the Iranian military that oversees Iran's ballistic missile programme.

Almost immediately companies around the world began to shun IRISL, and the company started to use an array of deceptive practices to conceal its identity and skirt sanctions – including falsifying shipping documents, changing names and nominal ownership of vessels, and even repainting ships. It has also sought to assign vessel ownership to front companies outside Iran. These measures to conceal its activities have alarmed an already wary global business community. As a result, IRISL has struggled to maintain the insurance and other services necessary for operating a global shipping business.

IRISL's conduct has not escaped the international community's notice. In June, the UN named three IRISL companies for sanctions, and called for additional vigilance of Iranian shipping more generally. It also granted new powers to inspect Iranian ships, and ships carrying cargo to or from Iran. Subsequently the US Treasury sanctioned five IRISL front companies and 27 vessels, and also identified 71 renamed IRISL vessels. Last month the EU took similar actions.

Following these steps, last Friday the US Treasury took further measures, designating for sanctions three Malta-based IRISL companies: Marble Shipping Limited and Bushehr Shipping Company, two entities directly owned by IRISL; and ISI Maritime Limited, owned by a previously-designated IRISL subsidiary Iran o Hand.

Iran also uses non-Iranian shippers and freight forwarders to obtain and export dangerous materials. As the vice tightens, we expect this pattern to increase. So, over the past year, OFAC increased enforcement efforts in the shipping and freight forwarding sectors, and also investigated a number of sanctions violations.

During this time, the US Treasury has also agreed significant financial settlements with four US shipping companies, based on alleged violations of sanctions involving third-country trade with sanctioned parties, including Iran: Oxbow Carbon and Minerals LLC; Maersk Line, Ltd, a US subsidiary of A.P. Moller-Maersk A/S; Barwil Agencies NA, Inc; and National Marine Consultants Inc. Other cases are being investigated, and follow settlements reached over the past year with major banks, including Lloyds and Credit Suisse.

US companies involved in third-country trade – as well as foreign shippers and freight forwarders doing business with the US – must be aware of their sanctions responsibilities. And all shippers, wherever they do business, should exercise enhanced vigilance, particularly

where shipments may involve Iran.

The broader private sector is restricting business with Iran, rather than risk facilitating Iran's illicit activities. But while private business actions are critical for sanctions to work, it is essential that governments throughout the world now ensure that new sanctions are also translated into action.

The writer is US Treasury under secretary for terrorism and financial intelligence.

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