

Insight: Sanctions dilemmas

Tehran quietly secured sanctions relief that could have a direct and immediate impact on ordinary Iranians.

By HENRY ROME
12/08/2013 08:02

In the aftermath of last month's Geneva agreement, US President Barack Obama emphasized that Iran will experience a minuscule amount of sanctions relief, in exchange for a stop in its nuclear program.

View accompanying interactive graphic that traces one airplane's fate:
<http://bit.ly/19UeIAB>

But in a little-noticed provision of the agreement, Tehran quietly secured sanctions relief that could have a direct and immediate impact on ordinary Iranians: easing of restrictions on both the sale of airplane spare parts, and medical equipment.

The story of sanctions on aviation and medicine illustrate the complexity of implementing sanctions that aim to target the Iranian regime but not its people, and experts believe that the reduction in these sanctions will to varying degrees empower the Iranian government.

Because Iran allegedly uses its commercial planes for military purposes, the sale of spare parts will likely mean safer travel for both civilians and soldiers. And while purely medical equipment is crucial for the public health, the government will likely play a leading role in allocating those resources – even drugs as mundane as aspirin.

In general, the aircraft and medical sanctions are insignificant when compared with crushing oil and financial sanctions, experts said. Still, the sanctions relief could also portend the rush of Western businesses to Iran, making it harder to reinstate sanctions if negotiations fail, said MK Tzachi Hanegbi (Likud), an ally of Prime Minister Binyamin Netanyahu who has previously held prominent foreign policy and security positions in the government.

“All these issues together, what they signal is the sanctions regime is not going to be as strong as it was before,” he said.

The US alleges that Iran uses its civilian aircraft to ferry personnel and equipment to Syria. Nevertheless, it agreed last month to lift restrictions on airplane spare parts, the lack of which has contributed to Iran's dismal

commercial safety record. Hundreds of Iranians have died over the past decade in airplane accidents, according to the Aviation Safety Network.

“I’m sure that the authorities who put these things in place didn’t intend to have people dying because of the sanctions, but the fact of the matter is that it’s happened,” said Chris Yates, an air safety and security consultant based in the UK.

The dilemma facing Western negotiators – how to stop the military use of Iran’s planes, but not necessarily hurt civilian aviation – can be shown through the fate of a single Boeing 747 plane operated by Mahan Air, an Iranian airline.

In late September, the plane code-named EP-MNE was taking off in Iran with 419 passengers and 25 crew members aboard. It was headed to Saudi Arabia with Muslim pilgrims performing hajj to Mecca, according to the website Aviation Herald, which documents airplane incidents. The plane was 27 years old.

As the plane was taking off, one of its engines experienced “a problem” and the crew aborted the takeoff, causing the plane to overrun the runway at high speed, bursting the plane’s tires and injuring 10 passengers.

It was the second time in three years that the plane experienced major problems on takeoff.

There has not been a fatal airplane crash in Iran since 2011, but the frequent failures of basic airplane systems are worrisome for air safety analysts.

“They can’t continue to fly such an aging fleet so much longer. The likelihood is something else will drop out of the sky,” Yates said. “There’s only so many times you can take off and land in an airplane without the rivets falling out.”

At the same time, the US believes that EP-MNE is one of 117 aircraft that Iran uses to move personnel or materiel to Syria, according to the sanctions information released by the US Treasury Department in 2012.

“Iran has used deceptive measures when shipping such items to Syria, by using a combination of passenger and cargo flights and declaring illicit cargo as humanitarian and other licit goods,” the Treasury Department said.

Representatives from Iran and Mahan Air did not respond to written requests for comment.

Last month, negotiators in Geneva agreed to “license the supply and installation in Iran of spare parts for safety of flight for Iranian civil aviation,” according to the text of the agreement. In a footnote, the agreement states that the relief “could involve any non-designated Iranian airlines, as well as Iran Air.” When the six-month span of the agreement takes effect, analysts anticipate that Iranian

airlines will begin a spending spree for spare parts from manufacturers like Boeing, Airbus, General Electric and Rolls-Royce.

The corporations were silent about whether they would sell to Iranian airlines. Boeing and Airbus did not respond to requests for comment, and a spokeswoman for Rolls-Royce declined to comment. A spokesman for General Electric said it will “strictly adhere to US government policy on this matter.”

The prospect of acquiring spare parts and resulting safety improvements could have far-reaching consequences.

For example, Iran Air’s entire fleet, with 23 exceptions, was banned from EU airspace in 2010.

European officials emphasized that the exclusion was the result of safety concerns, and not sanctions.

A spokesman for the EU Directorate-General for Mobility and Transport said it is too early to tell if Iran Air will be allowed in Europe again.

The US has stated repeatedly that the sanctions are not intended to target average Iranians; in 2010, then-secretary of state Hillary Clinton summed up the administration’s position by stating, “Our goal is to pressure the Iranian government, particularly the Revolutionary Guard elements, without contributing to the suffering of the ordinary [Iranians].”

In legislation and through regulations issued by the Treasury Department, the US government has stated that medical equipment can be exported to Iran.

But the reality is far more complicated, according to Dubai-based analyst Siamak Namazi. In a report published by a Washington-based think tank, the Woodrow Wilson International Center for Scholars, Namazi found that sanctions actually serve to restrict the importation of purely humanitarian equipment.

“We learned that despite existing legal loopholes meant to facilitate humanitarian trade, sanctions are indeed causing disruptions in the supply of medicine and medical equipment in Iran,” he wrote in the February report.

Stringent restrictions on the financial industry make it very risky for US or European companies to sell medical supplies to Iranians. Iran also lacks the foreign currency to make such transactions.

In response, the Geneva agreement proposes the creation of a direct financial channel that could use Iranian oil revenues “held abroad” to purchase medical or humanitarian equipment.

While there is broad agreement that sanctions have caused airplane part shortages, the role of sanctions in the medical field is controversial.

Emanuele Ottolenghi, a senior fellow at the Washington-based Foundation for Defense of Democracies, said that Tehran deserves a large share of the blame. In particular, he said, there is evidence of massive government inefficiency and instances of price-fixing on the part of the Iranian Revolutionary Guard Corps.

Because the Iranian government has pushed blame on the West for the supply problem, Ottolenghi said, the relaxing of sanctions is a victory for Tehran.

“Iran has scored a propaganda point on the subject by forcing Western powers to ease the export control regime, in order to let a more robust flow of medicine supplies to Iran,” he wrote in an email.

“That, incidentally, raises the risk of proliferation,” he said, because relaxed sanctions make it easier for illicit transactions to occur.

The long-term results of the airplane and medical sanctions reductions are even less clear.

Eldad Pardo, an Iran scholar at the Hebrew University of Jerusalem, said the medical provision could trigger a rush of pharmaceutical companies into the Iran market.

“This is the dangerous part. The [sanctions] system may collapse, because there is a lot of money to be made. There are so many companies that are already struggling to get their share,” he said, noting that a slew of companies in different sectors may now see an opening in Iran.

At the same time, Pardo said, the West’s willingness to concede these points could make it easier to blame Iran if the negotiations fail.

On the other hand, Shlomo Aronson, a retired Hebrew University professor who studies nuclear proliferation in the Middle East, said the concessions are part of routine diplomacy, and do not necessarily mean the unwinding of future sanctions.

“You could always roll it back. It is something you give the Iranians but you tell them, ‘It is part of the larger deal and if you are not going to play the game, we are going to roll it back,’” Aronson said. “It is a demonstration of American goodwill.”

Link: <http://www.jpost.com/Features/Front-Lines/Insight-Sanctions-dilemmas-334154>