

## Chapter 4

### Committee view and recommendations

#### Introduction

4.1 The Australian Government's partial suspension of sanctions against Iran has the potential to usher in a new era in Australia-Iran relations. While this development may be to the mutual benefit of Australia and Iran, a number of significant barriers must be overcome before Australia can be confident in its dealings with Iran.

4.2 The committee notes that Australia and Iran are vastly different nations. Australia is a democratic and pluralistic society where citizens regardless of gender, ethnicity, religion or sexual orientation, should have the equal opportunity to make a positive contribution to society. In contrast, Iran is a theocratic and totalitarian regime with a dismal record of human rights and international engagement. Its recent testing of ballistic missiles is of considerable concern. These are challenging differences to overcome. Business seeking to trade with Iran will need to exercise strict due diligence and extreme caution to ensure that Australian goods, services or funds do not inadvertently contribute to terrorism or the repression of minorities.

4.3 The committee is deeply concerned by certain aspects of the partial suspension of sanctions against Iran. Questions have been raised—and remain unanswered—about the justification for the shift in policy towards Iran, the reasons for sanctions being lifted against some entities and not others, and the mechanisms in place to reimpose sanctions in the event that Iran breaches its international obligations.

4.4 The lack of public consultation and explanation from Government were major issues raised in evidence. This inquiry has shed light on some very real concerns that should have been closely examined prior to the sanctions being partially lifted. Members of the community believe their concerns have not been properly addressed, resulting in a perception that new market opportunities for Australian business have been pursued at the expense of human rights. There is also a perception that the partial suspension may have partly arisen as a consequence of the Australian Government's need to repatriate Iranian citizens who have sought asylum in Australia.

4.5 The committee is of the view that the Australian Government must proceed with caution in its relations with Iran and, specifically, on the issue of sanctions. The committee has made a number of recommendations to improve the information available on the public record on the decision to partially suspend sanctions, together with information that will assist exporters to ensure their dealings with Iran are conducted in accordance with the law. The committee has also identified ways to improve the process of suspending sanctions and to bring greater clarity to the process for reimposing sanctions should the need arise.

#### Human rights and international affairs

4.6 During the inquiry, deep concern was expressed over Iran's domestic and international behaviour. The committee shares these significant misgivings regarding

Iran's human rights record, including the use of the death penalty and torture; cruel, inhuman and degrading punishment; unfair trials; the lack of freedom of expression, association and assembly; and the extensive discrimination against woman, ethnic and religious minorities. The committee also notes Iran's continued aggression towards its neighbours, most notably Israel, and the conduct of ballistic missile tests which threaten the stability of the region. The committee further notes that Iran is a major sponsor of terrorism and is closely associated with Hezbollah whose External Security Organisation is officially designated by Australia as a terrorist organisation.

4.7 In order to clarify Australia's commitment to human rights, the committee is of the view that the Australian Government should issue a statement that affirms the human rights values it subscribes to, and seeks to promote domestically and internationally, and affirms that Australia continues to hold concerns over the domestic and foreign policies of the Iranian regime.

### **Recommendation 1**

**4.8 The committee recommends that the Australian Government issue a statement that affirms the human rights values it subscribes to, and seeks to promote domestically and internationally, and its condemnation of terrorist activities and military aggression, and affirms that Australia continues to hold concerns over the domestic and foreign policies of the Iranian regime. The committee also recommends that the Australian Government continue to make such statements as appropriate, particularly when it considers Iran has transgressed those principles, including in relation to its ballistic missile activity.**

### **The need for public consultation**

4.9 There has been grave disappointment over the lack of public consultation prior to the partial lifting of sanctions. As demonstrated by this inquiry, there is concern that a softening of relations with Iran will have detrimental outcomes and may indeed encourage Iran to continue its current behaviour towards its own citizens and regional neighbours.

4.10 A public consultation process undertaken prior to the suspension of sanctions would have allowed those most affected by the decision to have their say on this important matter. It also would have enabled the Australian Government to explain the reasons for change.

4.11 The committee is disappointed with the explanation from the Department of Foreign Affairs and Trade that the process followed by the partial suspension of sanctions against Iran was the same as that followed when sanctions were suspended against Fiji in 2014 and Myanmar in 2015. Iran poses a significantly greater threat to the international community than either Fiji or Myanmar. It is widely recognised that the Army of the Guardians of the Islamic Revolution (IRGC) is directly involved in training and supplying Hezbollah and Hamas. Moreover, the committee does not accept the precedent that no public consultation is undertaken when sanctions against a nation are removed. Public consultation is particularly important when dealing with a nation such as Iran.

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4.12 The committee is of the view that the Foreign Minister should carefully consider the merits of undertaking public consultation on any changes to Australia's autonomous sanctions regimes on a case by case basis, including in instances where the obligations on parties are removed or reduced.

### **Recommendation 2**

**4.13 The committee recommends that the Minister for Foreign Affairs carefully consider the value of undertaking public consultation on any changes to Australia's autonomous sanctions regimes, including in instances where the obligations on parties are removed or reduced.**

4.14 In addition, the committee is perplexed by the Government's decision to mirror Australia's approach to sanctions against Iran with the approach of the European Union, rather than the United States. The committee acknowledges that the United States utilises a broader and more cautious approach to the use of sanctions than either Australia or the European Union, but in this instance caution is warranted.

4.15 The committee is concerned that in emulating the European Union, too great an emphasis has been placed on potential commercial gains rather than addressing the risk that Australian funds could be inadvertently used to support terrorist activities and violations of human rights in Iran.

### **Enhanced information on the sanctions regime**

4.16 As a consequence of the lack of public consultation, the committee considers there has been inadequate explanation from the Australian Government on the reasons underpinning this major change in foreign policy, as well as why sanctions were lifted on some entities and not others. The committee also notes that it has relied on DFAT for this information and has not been able to independently ascertain the extent of the sanctions lifted and those remaining and how such sanctions align with the policy of the EU.

4.17 The committee is of the view that DFAT should publish on its website a detailed statement explaining the change in Australia's sanctions policy towards Iran, including why sanctions relief was granted to particular activities, persons and entities and not others. Details should also be provided on how Australia's autonomous sanctions regime is different from the equivalent regimes pursued by the United States, European Union and other relevant countries, and the reasons for those differences.

### **Recommendation 3**

**4.18 The committee recommends that the Department of Foreign Affairs and Trade publish on its website a detailed statement explaining the change in Australia's sanctions policy towards Iran, including why sanctions relief was granted to particular activities, persons and entities and not others.**

4.19 The committee is also concerned by the lack of information on how the Australian Government would reimpose autonomous sanctions against Iran in the event of a significant breach by Iran of its JCPOA commitments or a major violation of human rights. While the committee acknowledges that sanctions are one of a suite

of tools available to Government to respond to developments, it is essential that Iran understands that there will be consequences to breaches, including the reimposition of sanctions.

4.20 Accordingly, the committee considers that DFAT should clarify the threshold for the reimposition of autonomous sanctions against Iran and the mechanism by which sanctions would be reimposed. The committee is also of the view that the Government should undertake a review of all sanctions it has removed in relation to Iran and report the findings to Parliament.

#### **Recommendation 4**

**4.21 The committee recommends that the Department of Foreign Affairs and Trade clarify the threshold for the reimposition of autonomous sanctions against Iran and the mechanism by which sanctions would be reimposed.**

#### **Recommendation 5**

**4.22 The committee recommends that the Australian Government undertake a review of all sanctions it has removed in relation to Iran to determine whether such removal is compatible with Australia's interests, values and principles, and not just whether it follows the approach of the European Union. This should include considering the approach that the United States has taken on sanctions with respect to Iran. Following such a review, the committee recommends that the Australian Government present a written report on the review to Parliament.**

#### **Doing business in Iran**

4.23 The committee is of the view that doing business with Iran will be difficult for Australian exporters. As such, it will be critically important for businesses considering engaging with Iran to be well equipped with sufficient information to make informed decisions that protect their interests and ensures that they do not contravene the law. In this respect, the committee accepts that re-opening a trade office in Tehran is a necessary, yet controversial, step in providing appropriate support to Australian business looking to expand into the Iranian market.

4.24 However, the committee is of the view that the current DFAT website is deficient in the amount and accessibility of information for potential exporters to Iran on both the Australian and international sanctions regimes. This lack of clarity, specificity and accessibility is arguably one of the biggest barriers to increased engagement with Iran following the JCPOA. There is considerable scope to improve the information presently available on DFAT's website, including summaries of trade which remains restricted or prohibited with Iran and information on other sanctions regimes, including the United States and European Union. This material could include comparative tables, online tutorials and presentations.

4.25 Australia should also closely engage with the Financial Action Task Force (FATF), the global standard-setting body for anti-money-laundering and combatting the financing of terrorism organisations, to minimise the possibility of Australian funds being used for nefarious purposes. While it is encouraging that Iran has expressed a desire to engage with FATF, it is critical that Australia actively utilises the FATF to protect its financial interests.

**Recommendation 6**

**4.26 The committee recommends that the Department of Foreign Affairs and Trade improve the clarity and accessibility of information on its website on Iran. This should include information on trade which is still restricted or prohibited, and a summary of other international sanctions regimes.**

**Senator Alex Gallacher  
Chair**

