

**Submission to the Senate Foreign Affairs, Defence and Trade Reference Committee's
Inquiry into the partial suspension of sanctions against Iran**

I was a former Australian diplomat for almost a decade serving in Australia and abroad, and a senior editor at *The Australian* newspaper, running its opinion page for 7 years and dealing with Australia and the world's foremost experts on a range of areas including foreign affairs and national and international security. I now run a high level consultancy.

I thank the committee for the opportunity to make a submission to the Senate Foreign Affairs, Defence and Trade Reference Committee's Inquiry into the partial suspension of sanctions against Iran.

As the committee well knows, Iran was designated as a State Sponsor of Terrorism by the United States in 1984 and it continues its terrorist-related activities up to the present day. It is for this reason that I view with the deepest concern the partial suspension of sanctions against Iran. In particular, I wish to address points (c) (d) and (e) in the terms of reference.

Terms of reference (c)

Point (c) of the Inquiry's terms of reference refers to the extent to which any removed entities have institutional or financial ties to any entities that continue to be designated, and the nature of such ties.

I note that sanctions have been suspended on 144 entities whereas the Army of the Guardians of the Islamic Revolution (IRGC) continues to be subject to sanctions. It is, of course, absolutely vital that the IRGC continues to be subject to sanctions as it is directly involved in training and supplying Hezbollah and Hamas, which are in part or in full proscribed terrorist organisations in Australia.

The United States Government's most recent Country Report on Terrorism, issued in June 2015 wrote:

"Iran continued to sponsor terrorist groups around the world, principally through its Islamic Revolutionary Guard Corps-Quds Force (IRGC-QF). These groups included Lebanese Hezbollah, several Iraqi Shia militant groups, Hamas, and Palestine Islamic Jihad. Iran, Hezbollah, and other Shia militia continued to provide support to the Assad regime, dramatically bolstering its capabilities, prolonging the civil war in Syria, and worsening the human rights and refugee crisis there. Iran supplied quantities of arms to Syria and continued to send arms to Syria through Iraqi airspace in violation of UN Security Council Resolutions. Finally, Iran used Iraqi Shia militants and high profile appearances by Quds Force officials on the front lines of Iraq to claim credit for military successes against ISIL and to belittle coalition airstrikes and U.S. contributions to the Government of Iraq's ongoing fight against ISIL."

However maintaining sanctions on the IRGC is not enough because, as international authority on the IRGC, Dr. Emanuele Ottolenghi notes in his book, *The Pasadaran – Inside Iran's Islamic Revolutionary Guard Corps*, the IRGC is "an economic conglomerate" as well as being

the agency in charge of nuclear and ballistic missile proliferation, and a player in the country's political system.¹

Ottolenghi notes that the IRGC controls the Foundation of the Oppressed of the Earth which took over the Shah's assets after the 1979 revolution and through this it has companies and assets in the mining, food and beverage, agriculture and animal husbandry, trade and transport, civil development and housing, tourism and recreational centers, real estate, and energy sectors.

Through its control of legitimate businesses, such as Iran's version of Coca Cola, it accesses profits. It also uses its control of businesses to access foreign technology, which it uses for military purposes. For example, it uses Iranian energy and heavy industry companies to obtain dual use technology and forbidden materials. It also owns and controls banks allowing it to access international finance, media outlets, which it uses for propaganda purposes, and it has a near monopoly over Iran's Payam International Airport and its port of Shahid Rajai, which it uses for smuggling, generating billion of dollars.

The IRGC is the single most powerful institution in Iran and if the Australian government is serious about preventing international terrorism it urgently needs to work with key intelligence partners, such as the US, the UK and Israel, to identify all of the IRGC's economic activities and ensure that they are sanctioned.

Obviously, Australian businesses do not have the capacity to do this and I believe that the responsibility falls directly on the Australian government and its agencies to urgently ascertain whether there are any links between the removed entities and the IRGC. Otherwise Australians could be providing assets including funds, directly or indirectly, to a proscribed terrorist organisation, which is an offence under Australian law.

Unless the Australian government urgently devotes the necessary resources to do this, it is almost certain, given the reach of the IRGC throughout the Iranian economy, that Australian businesses will inadvertently contribute to providing the IRGC with the means to continue its terrorist agenda and threaten the security not just of the Middle East and in other parts of the world, but in Australia's own region.

It is well known, for example, that Hezbollah, working in cooperation with Iran, carried out successful terrorist attacks in Argentina in 1992 and 1994. Less known is that Hezbollah has also carried out terrorist attacks in Asia and Europe. For example, in the late 1990s, Hezbollah operatives in Southeast Asia travelled to Australia to acquire Australian passports, in order to travel to Israel in order to collect intelligence for future use.² There was also a plan, which was not acted upon, to carry out attacks against Jewish or American targets in Australia during the 2000 Olympics.³

More recently the United States Government's most recent Country Report on Terrorism, of June 2015, cited above, has set out a number of incidents which show that Iran is active throughout the world in fomenting terror (p. 68).

¹ *The Pasdaran – Inside Iran's Islamic Revolutionary Guard Corps*, Emanuele Ottolenghi, FDD Press, 2011.

² See Matthew Levitt, *Hezbollah: The Global Footprint of Lebanon's Party of God*. London: Hurst & Company 2013, p. 134.

³ See *ibid.*, p. 135.

For example, an Iranian citizen who is a suspected member of Iran's Revolutionary Guard Corps, Masoud Sedaghatzadeh, was arrested in Malaysia in February 2012 after failed attempted bombings in Bangkok. Sedaghatzadeh remained, at the time of publication of the report in Malaysian custody.

The global reach of Iranian terror is demonstrated in another case detailed on p. 44 of the same report of two Nigerians, Abdullahi Mustapha Berende and Saidi Adewumi, who were charged by the Nigerian government with recruiting terrorists. A six-count charge stated that the subjects travelled to Iran and rendered support to a terrorist group via provision of materials and terrorism training on use of firearms and other weapons. The two were said to have collected the sum of US \$23,350 from the terrorist group in order to source and train terrorist-minded Nigerians fluent in English.

The report notes that Iran has admitted publicly that it armed Hezbollah, in violation of UN Security Council Resolutions (UNSCRs) 1701 and 1747) with advanced long-range Iranian manufactured "Fateh" missiles. The Fars news agency reported on 29 November 2014 that General Amir Ali Hajizadeh, the head of the IRGC Aerospace Division, had admitted, "The IRGC and Hezbollah are a single apparatus jointed together."

The report further outlines that Israeli experts believe Iran is trying to arm Hezbollah with advanced weapons systems such as anti-air and anti-ship cruise missile systems, as well as continuing to transfer long-range rockets into Lebanon. It says that Israeli officials were concerned about the proliferation of conventional and non-conventional weapons from Syria to terrorist organizations. Israeli officials say Hezbollah has stockpiled approximately 100,000 missiles in Lebanon since the 2006 Lebanon War.

Lastly the report notes that Iranian government officials have publicly stated a willingness to resume Iran's military support of Hamas, including arming Hamas in the West Bank with the same weapons as in Gaza and that in March of 2014, the Israeli government interdicted a weapons shipment containing 40 M-302 rockets, 181 mortars, and hundreds of thousands of rounds of ammunition from Iran believed to be destined for militants in Gaza.

In view of all this evidence of active Iranian sponsorship of terrorism throughout the world, including in our region, there is no room for complacency. Unless the government tasks its security and intelligence agencies with determining the reach of the IRGC in the Iranian economy, the lifting of sanctions will almost certainly contribute to the enrichment of the IRGC and increase its ability to fund terror.

Terms of reference (d)

I would also like to address point (d) of the Inquiry's terms of reference, which considers the impact of lifting sanctions on the conduct of Iran in international affairs and Australia's national interest.

I note that on July 14, 2015, the P5+1 (the US, UK, France, China, Russia and Germany) and Iran agreed to a Joint Comprehensive Plan of Action (JCPOA) which seeks to curb Iran's nuclear program in exchange for sanctions relief. Following the implementation of the JCPOA in January, Iran can now access around US\$150 billion in sanctions relief. Following the implementation of the JCPOA, Australia lifted nuclear-related sanctions on Iran but maintained

sanctions on Iran regarding the transfer of proliferation-sensitive goods, arms and ballistic missiles embargoes, and sanctions against some designated persons and entities. In addition, Australian businesses no longer need to seek approval for transactions of more than \$20,000 involving entities from Iran.

As noted, in the previous point, Iran has a long, well-documented history of supporting international terrorism. Given that international terrorism is a crucial element of Iranian foreign policy, it is quite obvious that giving the Iranian government access to an additional \$150 billion will allow it to turbo-charge its terrorist activities, which it uses to attack regimes it opposes, support its allies and advance its goal of achieving regional hegemony.

Iran's regional hegemonic ambitions, together with its nuclear ambitions, are deeply destabilizing to the Middle East, already one of the most dangerous and unstable regions in the world. Iranian state-sponsored terrorism is responsible for directly undermining the democratic process in Lebanon, has directly contributed to the civil war in Syria, has directly contributed to the very high loss of life in Iraq, has directly contributed to the provocation of war between Israel and Gaza and is directly contributing to the violence in Yemen. The regime has openly declared that it will continue to fund terrorism. Recent examples of Iranian support to its proxies include:

- In March, Iran's Ambassador to Lebanon Mohammad Fateh Ali said Teheran will give \$7,000 to the families of Palestinian terrorist "martyrs" and a further "\$30,000 to every family whose home the occupation has demolished for the participation of one of its sons.";
- On March 7 an Australian Navy ship seized a large arms cache that US officials believe came from Iran and was being sent to the Houthi rebels in Yemen via Somalia;
- Iran is supporting the Assad regime in Syria providing Iranian officials and funding Hezbollah fighters. The Syrian civil war is estimated to have already killed a half a million people and the Assad regime has been accused of committing human rights atrocities including through the use of chemical weapons.

Unfortunately, giving Iran access to an additional \$150 billion is also likely to increase the threat of a nuclear-armed Iran. In December 2015, the IAEA released a report into the possible military dimensions of Iran's nuclear program, which found that Iran had lied about its nuclear activities for years and was developing a nuclear weapons program until at least 2009. The report noted that Iran did not provide adequate transparency to inspectors. Australia is a leading proponent of measures to prevent international nuclear proliferation, and yet increased funding for Iran, when it has been credibly shown to have lied about its nuclear activities, increases the threat of nuclear proliferation. In view of this increased threat due to proven Iranian mendacity, Australia should urge the P5+1 to adopt a "distrust and verify" approach to dealings with Iran, demand the highest standards of Iran in compliance, and should not allow any sanctions relief unless and until independent authorities can credibly verify complete Iranian complete compliance.

There are a number of other weaknesses with the JCPOA which impact global and therefore Australian security. Iran's increased economic resources following the lifting of sanctions will allow it to further exploit these weaknesses. They include:

- It expires after only ten years allowing Iran to develop nuclear weapons after that time.
- The inspections regime is unacceptably flawed, as it does not allow for ‘anytime, anywhere’ inspections.
- The deal appears to prevent the imposition of penalties for anything other than gross infringements as the only recourse is to re-impose sanctions through the UN Security Council. This means Iran will not suffer penalties for any violations that any member of the UN Security Council decides to veto.
- The deal ends the arms embargo on Iran in only five years and the ballistic missile embargo ends in eight years.
- The deal does not address Iran’s support for terrorism or its destabilization of the region including its threats to Israel.

There are also major problems with the JCPOA which have been highlighted by Iran’s recent ballistic missile tests:

- Iran test fired two ballistic missiles on March 9, which had the phrase “Israel must be wiped out” written on them in Hebrew. An Iranian commander said the test was designed to demonstrate to Israel that it is within Iranian missile range.
- Iran fired two other ballistic missiles on October 10, 2015, which led to US sanctions against businesses and individuals involved in procurement of materials for Iran's ballistic missile program.

In December, the ballistic missiles fired by Iran in October were found to be in violation of UN Security Council Resolution 1929 according to the UN Security Council’s Panel of Experts. However, now that the JCPOA has been implemented, Resolution 1929 has been replaced by the weaker Resolution 2231, which calls on Iran not to conduct "any activity" related to ballistic missiles capable of delivering nuclear weapons for up to eight years.

The Iranians argued, and they are backed by the Russians, that because the resolution merely calls for Iran not to conduct any activity, Iran has not violated the resolution simply because it has not heeded the UN’s call. This sort of sophistry exposes Iran’s ambition to develop ballistic missiles capable of delivering nuclear weapons.

The US believes that the Iranian ballistic missile tests did violate Resolution 2231, and on March 24, the US Treasury Department blacklisted two Iranian companies, cutting them off from international finance over their connection to the missile program. The US did however say that the missile tests did not violate the JCPOA, which demonstrates the worthlessness of the agreement in this respect.

If Iran continues to maintain that Resolution 2231 does not require it to stop ballistic missile tests, it can be expected to continue to improve its nuclear weapons delivery systems, posing a grave threat to international peace and security.

Australia has an excellent reputation as a good global citizen with a proud history of condemning human rights abuses. Calls for Australia to normalise relations with Iran should not overlook Iran’s gross violations of human rights including its brutal and highly discriminatory treatment of women, homosexuals and Baha’i, as well as its high rate of executions. In February an entire adult male population of a village in Iran were apparently

executed for drug offences, according to Iran's vice-president for women and family affairs Shahindokht Molaverdi. In 2016, Amnesty International's annual report on the death penalty revealed that executions increased in Iran in 2015 by 31 per cent over the previous year, with at least 977 executions carried out (including many in public)⁴. The Iranian Supreme leader continues to deny the reality of the Holocaust denial and in June Teheran municipal authorities are holding their third Holocaust denial cartoon contest with prize money of \$50,000.

As long as Teheran supports international terrorism, destabilises the Middle East in pursuit of its hegemonic ambitions, denies the right of the sovereign state of Israel to exist and threatens to wipe it off the map, denies the Holocaust and actively encourages others to deny it, and abuses the human rights of Iranian citizens, it remains a major threat to global, regional and Australian security and we should maintain sanctions on Iran. To lift sanctions now, simply to allow Australians firms to pursue trade and investment opportunities simply allows Iran to pursue its dangerous agenda. In view of this, Australia urgently needs to establish firm policies on how to respond to Iranian transgressions, nuclear and otherwise.

Terms of reference (e)

I would also like to address point (d) of the Inquiry's terms of reference, which considers the Australian Government's decision to re-open a trade office in Iran. In view of the scarcity of resources in the budget of the Department of Foreign Affairs and Trade, it seems to me unconscionable that Australian taxpayers should be expected to foot the bill for actively promoting commerce with a state that ruthlessly launches terror attacks on civilian targets.

Until Iran ceases to sponsor terrorism, it seems to me that it would be much better to devote resources to determining the involvement of the IRGC in the Iranian economy and that the government should maintain the highest vigilance in ensuring that Australian companies do not, either advertently or inadvertently, contribute to the funding of Iranian terror.

⁴ See Amnesty International *Death Sentences and Executions 2015*, 6 April 2016.
<https://www.amnesty.org/en/documents/act50/3487/2016/en/>