

US threatens French companies with sanctions over Iran

By Peter Symonds
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A French business delegation to Tehran this week was “put on notice” by American officials that penalties would be imposed for any breach of the US-led sanctions regime on Iran. The blunt threat highlights the Obama administration’s determination to ensure that US economic and strategic interests prevail as the prospect of a rapprochement emerges in international talks with Iran over its nuclear program.

An interim agreement was reached in November between the P5+1 group (the US, France, Britain, China, Russia and Germany) and Iran that involved freezing and rolling back Tehran’s civilian nuclear program in return for “limited, targetted and reversible” sanctions relief. The deal came into effect last month, when the first instalment of just \$550 million in frozen Iranian funds was released.

The French business delegation, which arrived in Tehran on Monday, was clearly seeking to position French companies in the event that a comprehensive agreement removing all sanctions is reached by July. An official for Medef, the employers’ federation that organised the trip, told the media: “Although the recent nuclear deal only offers limited lifting of sanctions, there is a new dynamic. The possibility of access to a market of 80 million people is very attractive.”

The delegation has representatives from 116 corporations, including the energy giant Total and major auto firms Peugeot and Citroën, as well as Airbus, Lafarge, GDF Suez and Astrom. France had substantial investment and trade with Iran before the sanctions. Renault sold nearly 100,000 cars a year in Iran and has already resumed shipments. Citroën sold 458,000 cars in Iran in 2011, or nearly a third of market share, and is preparing to return.

The Obama administration reacted to the French delegation with barely disguised hostility. Speaking on

CNN on Wednesday, US Secretary of State John Kerry declared: “Iran is not open for business, and Iran knows it’s not open for business ... We have made it clear to every other country that the sanctions regime remains in place.”

Kerry then explicitly warned: “So while the French may send some business people over there, they’re not able to contravene the sanctions. They will be sanctioned if they do, and they know it. And we’ve put them on notice.”

According to the British-based *Telegraph*, the US embassy in Paris “summoned” French business leaders before they left for Tehran to warn them of the consequences of any breach of the sanctions. An unnamed Medef leader pointed out that the US had its own commercial ambitions in Iran. “The Americans only started rigorously applying sanctions against future competitors when they intended to come back to Iran,” he said.

Kerry’s remarks following those of Wendy Sherman, US undersecretary for political affairs, who told a congressional committee on Tuesday that the sanctions relief on Iran was “quite temporary, quite limited and quite targetted.” She explained that Kerry had spoken to French Foreign Minister Laurent Fabius “about the trade delegation ... about how this is not helpful.”

French Finance Minister Pierre Moscovici, however, hit back, saying the business delegation was “a bet” on the future and not “business as usual.” He said: “It seems to me that the signal given by this visit is exactly the opposite, which is to say—‘fulfil your obligations and, if one day that happens, things will go well.’”

Medef defended the trip, saying the Austrians, Germans, Portuguese, Italians and Chinese had all sounded out business opportunities in Iran. “We faultlessly respected the Geneva convention of last

November,” the organisation’s official said. “We’re familiar with this framework. There are other European country delegations who were in Iran.”

Late last month, a large Turkish contingent led by Prime Minister Rahip Tayyap Erdogan headed to Tehran, where officials from the two countries predicted that two-way trade would rise from \$22 billion in 2013 to \$30 billion in 2014. Just before Erdogan’s departure, US undersecretary for terrorism and financial intelligence David Cohen arrived in the Turkish capital Ankara to emphasise the temporary character of the sanctions relief.

The Obama administration’s objections reflect concerns in US ruling circles that their European and Asian rivals will gain the advantage of any permanent lifting of sanctions on Iran. Unlike France and other European countries, the US has had virtually no economic ties with Iran since the overthrow of the brutal American-backed dictatorship headed by Shah Mohammad Reza Pahlavi in the 1979 revolution.

The European powers established a significant economic presence in Iran under the so-called reformist governments of President Akbar Hashemi Rafsanjani and Mohammad Khatami in the 1990s. Following the US-led invasion of Iraq in 2003, the Bush administration rejected an Iranian offer of a “grand bargain” to re-establish relations. Instead, it intensified US threats against Iran over unsubstantiated allegations of seeking to build nuclear weapons.

In an effort to protect their own interests in Iran, the EU-3 of France, Britain and Germany sought to reach a deal with Iran in 2004 to close its uranium enrichment facilities in return for a package of economic and diplomatic incentives. The Bush administration effectively sabotaged the talks by refusing to take part or provide security guarantees that had to underpin any deal. The talks collapsed after the EU-3 presented a final package that one Iranian negotiator branded as “too ridiculous to be called an offer.”

After taking office in 2009, the Obama administration ratcheted up the military threats and imposed a sanctions regime that has effectively crippled the Iranian economy by blocking critical oil exports and isolating the country from global banking and finance. Obama only proceeded with the P5+1 talks and a deal with Iran last year as the means of securing a dominant US position in Iran, not to allow other powers to steal a

march on Washington.

The US confrontation with Iran over the past decade was never primarily about Iran’s nuclear programs. This week’s diplomatic quarrel between the US and France makes clear that the purpose of Washington’s protracted confrontation with Tehran was always to ensure continued US economic and strategic hegemony in Iran and throughout the region, at the expense of its rivals, including close European allies.

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