

## *Marching Towards War*

# **EU Reaches Agreement to Ban Imports of Iranian Oil**

Diplomats say EU has yet to decide when the embargo will take effect; ban part of concerted Western pressure on Tehran to abandon nuclear program.

### **By Reuters**

January 04, 2011 "[Reuters](#)" - -European Union governments have reached a preliminary agreement to ban imports of Iranian crude to the EU but have yet to decide when such an embargo would be put in place, EU diplomats said on Wednesday.

The agreement, news of which sent crude oil prices higher, followed talks in the last days of December between EU envoys, diplomats said. Objections to the idea, notably from Greece, were dropped during the talks, they said.

"A lot of progress has been made," one EU diplomat said, speaking on condition of anonymity. "The principle of an oil embargo is agreed. It is not being debated anymore."

A European ban on Iranian crude would be part of concerted Western action to put pressure on Tehran to abandon its nuclear program, which many governments worry aims at producing an atom bomb. Tehran says its aims are peaceful only.

The United States imposed new sanctions on New Year's Eve to cut financial institutions that work with Iran's central bank off from the U.S. financial system, thus blocking off the main source of Tehran's payments for crude.

Europe started preparing a new push against Iran's financial and energy sectors in December, with the aim of agreeing sanctions by the end of January.

A ban on exporting oil-related technology to Iran and more measures against shipping of crude are also under discussion, diplomats said.

Diplomats said there was still a debate among European capitals over whether to enforce a crude ban immediately after it is agreed or to wait a few months. Some EU member states are concerned about the economic impact of an embargo at a time

when Europe is struggling with massive debt problems.

Greece, in particular, has been hesitant but Greek government sources said on Tuesday that Athens would not break ranks with its EU partners on the issue.

Tensions between the West and Iran -- the second biggest producer in the Organization of the Petroleum Exporting Countries -- have already pushed up oil prices.

On Wednesday, the price of a barrel of benchmark Brent crude rose more than a dollar from its previous close to a session peak of nearly \$114, following the news that Europeans had agreed in principle to ban Iranian crude.

Iran supplies a total of around 450,000 barrels per day to EU member states, making the bloc collectively the second-largest market for Iranian oil after China.

EU Energy Commissioner Guenther Oettinger has said that if there were a ban on Iranian imports, supplies could be bought from elsewhere, notably leading OPEC member Saudi Arabia.

## **Iran Ramps Up Warning Over US Navy In Gulf**

**By Marc Burleigh**

January 04, 2012 "[AFP](#)" -- TEHRAN — Iran renewed on Wednesday its warning to America against keeping a US naval presence in the oil-rich Gulf, underlining a threat that Washington has dismissed as a sign of "weakness" from Tehran.

Meanwhile, diplomats said the European Union was on target to impose a threatened embargo on oil imports from Iran, with France saying it could come by the end of January.

"The presence of forces from beyond the (Gulf) region has no result but turbulence. We have said the presence of forces from beyond the region in the Persian Gulf is not needed and is harmful," Defence Minister Ahmad Vahidi said, according to state television's website.

"The long-term presence of the United States in the region increases insecurity and the possibility of tensions and of confrontation," the deputy chief of Iran's forces, Masoud

Jazayeri, said, according to the Revolutionary Guards website.

"As a result ... the United States must leave the region," Jazayeri said.

Jazayeri noted the exit of the aircraft carrier USS John C. Stennis from the Gulf last week and said: "Since you've gone, don't come back, otherwise you'll be responsible for any problems."

The comments echoed a Tuesday warning that Iran would unleash its "full force" if a US carrier is redeployed to the Gulf.

"We don't have the intention of repeating our warning, and we warn only once," Brigadier General Ataollah Salehi, the armed forces chief, said as he told Washington to keep its carrier away.

The White House on Tuesday brushed off the warning, saying it "reflects the fact that Iran is in a position of weakness" as it struggles under international sanctions.

The US Defence Department said it would not alter its deployment of warships to the Gulf.

Iran has just finished 10 days of naval exercises near the strategic Strait of Hormuz, at the entrance of the Gulf, meant to show it was capable of controlling the channel and closing it if necessary. Twenty percent of the world's oil ships through the strait.

The exercises climaxed on Monday with the test-firing of three types of anti-warship missile.

The head of Iran's parliamentary national security and foreign policy commission, Aladdin Borujerdi, was quoted by the Fars news agency saying the US description of Iran being weak "is a completely illogical stance."

He added: "The US talks about sanctioning our oil but they should know that if Iran's oil exports from the Persian Gulf are sanctioned, then no one will have the right to export oil through the Strait of Hormuz."

The developments helped send oil prices soaring, though they pulled back a little on Wednesday.

New York's main contract, West Texas Intermediate (WTI) for delivery in February, spiked to \$103.74, a level last touched on May 11. The contract fell back to \$102.61,

down 35 cents from Tuesday's closing level.

Brent North Sea crude for February jumped to \$113.97 per barrel -- its highest level since November 14. It later stood at \$112.82, up 69 cents from Tuesday.

"The situation with Iran remains worrisome," said Nick Trevethan, a senior commodities strategist at ANZ Research in Asia.

"The consequences of any military action in the Middle East will be enormous. A spike in crude prices will kill off any recovery in the US."

In Brussels, diplomats said EU governments had reached a preliminary agreement on an oil embargo against Iran and are now debating when it should come into force.

"There is an agreement in principle to forge ahead" with an embargo, a diplomat told AFP, but added "there is still a lot of work" to agree on the timing of its implementation for a meeting of foreign ministers on January 30.

Speaking of that meeting, French Foreign Minister Alain Juppe said in Lisbon: "It's at this occasion I hope that we can adopt this embargo on Iranian oil exports."

The US Defence Department said it would continue the rotation of its 11 aircraft carriers to the Gulf to support regional military operations and keep the Strait of Hormuz open.

"We are committed to protecting maritime freedoms that are the basis for global prosperity; this is one of the main reasons our military forces operate in the region," it said in a statement.

In other developments, the US Treasury said Secretary Timothy Geithner will travel to China and Japan next week to discuss tougher sanctions against Iran, hours after China said it opposed unilateral US measures.

The increasingly tense situation in the Gulf came as Iran struggled with turmoil on its domestic currency market.

Foreign exchange shops were shuttered on Wednesday as traders refused to comply with a central bank order putting an artificial cap on the value of the dollar against the Iranian rial, which has come under intense pressure.

The central bank also cut in half, to \$1,000, the amount of dollars travellers flying

abroad could buy.

Iranian authorities were trying to shore up their currency following its slide to a record low on Monday days after Washington enacted new sanctions targeting Iran's central bank.

The United States and other Western nations have imposed sanctions over Tehran's controversial nuclear programme, which they believe is being used to develop atomic weapons.

Iran has repeatedly denied that allegation, saying the programme is purely for energy and medical uses.

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