

Iran in new oil money move to dodge sanctions

Agence France-Presse - 10 August, 2008

www.gulfintimedia.com/index.php?id=421793&news_type=Economy&lang=en&

Iran's government has ordered the state oil company to deposit oil revenues only in selected banks in a bid to dodge toughening sanctions over its nuclear drive, local media reported on Saturday.

The state-run National Iranian Oil Company (NIOC) had been free to choose where to deposit the tens of billions of dollars Iran receives annually in earnings from its crude oil exports.

But a new government directive said the NIOC could now deposit the foreign currency only in foreign banks previously selected by the central bank.

"NIOC is from now on obliged to deposit 100 percent of crude oil export income in foreign bank accounts that are chosen by the Central Bank of Iran," state television quoted the new government directive as saying.

The order did not say on which criteria the foreign banks would be selected.

But EU governments have pressured European financial institutions to cut their business with Iran as a way of pressuring the Islamic republic in the standoff over its controversial nuclear programme.

The West also wants Asian banks to loosen their traditionally close ties with Iran.

"This decision was made after the expansion of new rounds of sanctions against Iran so that Iran's assets are not blocked in foreign banks," the Sarmayeh newspaper quoted a source in oil ministry as saying.

"Many foreign banks... and even some Chinese banks have cut their financial operations with Iran and these (restrictions) increase day by day," the source said.

The European Union and the United States have also imposed restrictions on the activities of Iran's largest banks. These unilateral sanctions are running parallel to the three sets of sanctions agreed by the UN Security Council.

Oil exports are by far the biggest foreign currency winner for OPEC's second largest exporter.

Thanks to record oil prices, Iran pocketed 29.5 billion dollars in the first four months of the current calendar year which began on March 20.

In June, media reported Iran has been shifting tens of billions of dollars from European banks to other institutions, fearing that further sanctions would affect its access to investments. Iran rejected the reports.

IMRA - Independent Media Review and Analysis