

US sanctions against bank 'target' China

By ZHOU WA
zhouwa@chinadaily.com.cn

Washington has attempted to put more pressure on China over the Iranian nuclear issue by placing sanctions on the country's Bank of Kunlun, with China expressing its strong dissatisfaction and firm opposition to the measures on Wednesday.

The United States is unhappy about China's role in the Iran issue, because they do not think China is putting enough pressure on the country, said Zhang Xiaodong, an expert on Middle East studies with the Chinese Academy of Social Sciences.

"Although the White House didn't say its decision is directed at a third country, the sanction obviously targets China," said Zhang.

The sanction harms the interests of Bank of Kunlun, which belongs to China's largest petrol producer China National Petroleum Corporation, and its main clients include large State-owned enterprises, companies and staff members in the petrol and petrochemical industries, Zhang said.

The US attempted to warn China with its sanction, but it does not want to create direct conflict with China on the Iran issue either, Zhang added.

Shen Peng, a researcher at the Institute of American Studies at the Chinese Academy of Social Sciences, said the US is not happy that Chinese financial firms still have connections with Iran, and want to put more pressure on China.

An editorial published on

the Chinese website 21cn.com said the "punishment" serves as a warning to all financial institutions that have business connections with Iran, and the Bank of Kunlun is just a scapegoat.

The White House on Tuesday announced penalties to be imposed on the Bank of Kunlun and an Iraqi bank, blaming them for helping Iran evade international sanctions on its oil exports.

According to the White House, the sanction is not targeted at China, and the US will "expose any financial institution, no matter where they are located, that allows the increasingly desperate Iranian regime to retain access to the international financial system".

A Xinhua News Agency editorial said the sanction does not have a strong legal basis.

"The new measure, purportedly designed to curb Iran's nuclear program, in fact lacks legal grounds... as sanctions on the Chinese bank and international transactions were made pursuant to the US domestic laws," the editorial stated.

Xinhua said the bilateral economic activities between the Bank of Kunlun and six Iranian banks were conducted in line with a string of UN Security Council resolutions and other international standards.

On Wednesday China hit back at Washington's decision, with Foreign Ministry spokesman Qin Gang releasing a statement saying the sanction seriously violates the international norms and harms China's interests, and China will

“

Although the White House didn't say its decision is directed at a third country, the sanction obviously targets China."

ZHANG XIAODONG
EXPERT ON MIDDLE EAST STUDIES
WITH THE CHINESE ACADEMY OF
SOCIAL SCIENCES

lodge solemn representation to the US.

China and Iran enjoy normal bilateral relations and have normal, open and apparent business dealings that are not involved with the Iranian nuclear program, and do not violate resolutions of the Security Council or harm the interests of any third party, Qin said.

"China has a consistent and clear position on the issue of non-proliferation, firmly maintains the principals of international non-proliferation system and commits itself with relevant parties including the US to solve the Iranian nuclear issue," the spokesman said.

"But the US ignored China's concerns and repeatedly imposed sanctions on Chinese enterprises and banks — this will yield a negative influence on Sino-US bilateral cooperation," Qin said.

Qin urged the US to correct its erroneous decision, lift the unprovoked sanction against the Bank of Kunlun and stop

harming Chinese interests and the Sino-US relations.

"The fourth round of the China-US Strategic and Economic Dialogue held in May yielded positive results and set the tone for expanding strategic cooperation and promoting mutually beneficial relations," Xinhua said in an editorial.

"Washington's sanctions on the Chinese bank would lead to nothing but a hindrance to bilateral cooperation," Xinhua said.

Zhang said China will not give up its interests in Iran, "and is likely to take appropriate countermeasures against the US".

On June 28, US Secretary of State Hillary Clinton announced Washington's last-minute decision to exempt China and Singapore from sanctions over imports of Iranian oil because the two countries had reduced oil purchases from Iran significantly.

With the decision, banks from the two countries can avoid financial sanctions from the US for a renewable period of 180 days. During that time, the two countries can be exempted from sanctions on oil trade transactions with Iran.

According to the US government, Washington will block foreign financial institutions from entering the US financial market, if their governments purchase Iranian crude oil from June 28.

The US is testing China's limit in terms of sanctions on Iran, but the US should know that harming China's core interests is not good for Sino-US ties, said Shen.

Iran calls tough Western moves on oil sector 'political warfare'

By ZHAO SHENGNAN
zhaoshengnan@chinadaily.com.cn

Iran voiced its opposition to tightening Western sanctions, calling the new US sanctions "political warfare" and vowing to counter by retooling the country's oil-dependent economy.

Western sanctions on Iran's oil sector are a "ridiculous" move that seeks to deprive the world of energy resources at a time when demand is growing, President Mahmoud Ahmadinejad was quoted as saying on Tuesday.

The comments came a day after US President Barack Obama ordered new sanctions on Iran's energy sector and on banks in China and Iraq that the US claims help the Islamic country avoid international penalties.

"It's very funny, they (the West) use oil as a political weapon against a country that is an oil producer itself," Ahmadinejad said at the inauguration of a new fuel-making unit at a Teheran oil refinery.

Iran says its nuclear work is for civilian energy uses, but suspicions the country will use enriched uranium for nuclear weapons have resulted in sanctions. Washington imposed a new round of sanctions in June, targeting financial institutions in countries that buy Iranian oil. On July 1 the European Union halted all contract with Teheran.

On Tuesday, Iranian central bank governor Mahmoud Bahmani was quoted describing the sanctions as "no less than a military war" and said Iran must respond

TIMELINE

MAJOR US SANCTIONS AGAINST IRAN SINCE NOVEMBER 2011

• Nov 21:

US President Barack Obama issued an executive order to place sanctions on the Iranian petrochemical industry and expand sanctions on Iranian petroleum resources.

• Dec 31:

Obama signed into a defense bill tough new sanctions targeting Iran's central bank and its related foreign central banks.

• Jan 23:

The US Treasury Department imposed a sanction on Iran's third-largest bank, Bank Tejarat. The US has sanctioned 23 Iranian-linked financial institutions.

• Feb 16:

The US government took three separate sanctions actions against Iran's Ministry of Intelligence and Security for its "human rights abuses against the Iranian people" and its support for the Syrian government.

• March 20:

US Secretary of State Hillary Clinton said 11 countries that significantly reduced their

oil purchases from Iran had received waivers from tough sanctions on Iran. The nations are Belgium, the Czech Republic, France, Germany, Greece, Italy, Japan, the Netherlands, Poland, Spain and the UK.

• June 28:

The Obama administration exempted China and Singapore from economic sanctions because they have significantly reduced imports of Iranian oil.

• July 12:

The US Treasury Department issued sanctions against companies affiliated with the Iranian defense ministry, financial institutes and the national shipping line for supporting Iran's nuclear and ballistic missile programs.

• July 31:

Obama issued new sanctions against Iran's energy and petrochemical sectors, as well as foreign banks that help Iran sell its oil, targeting China's Bank of Kunlun and Iraq's Elaf Islamic Bank for involvement with Iranian banks.

CHINA DAILY

with its own "asymmetrical" economic countermeasures.

The report from the official IRNA news agency said a special headquarters has been set up to coordinate efforts to fight back against the sanctions.

Meanwhile, Ahmadinejad suggested Iran should stop exporting crude oil and instead try to sell refined oil products to overcome US-led sanctions and embargos. The remark echoed calls for Iran to move away from crude oil

export as its mainstay and heavily invest in networks to produce car-ready fuels and other petrochemical products.

Iran relies on oil for some 80 percent of its foreign revenue. The International Energy Association has said that exports of Iranian oil have dropped from 2.5 million barrels a day in 2011 to below 1.5 million barrels a day in June this year.

Up until 2007, Iran's in-

equated refineries and rising demand made it highly dependent on imported gasoline, a vulnerability Western powers have targeted by blocking supplies to the country.

Due to stunted foreign investments by the West to Iran and shrinking revenue of the current stagnant oil prices, Iran will struggle to fully develop its refineries in the future, said Yang Guang, director of the Institute of Western, Asian and African Studies at the Chinese Academy of Social Sciences.

However, Rostam Ghasemi, Iran's oil minister, said \$100 per barrel seems like a "fair" price, and there is no need for an additional OPEC meeting to discuss oil prices.

Yang said as Iran was facing a deteriorating economy at home, the country may want to negotiate with the West to find a resolution, but the US and EU would refuse talks because now they have gained the upper hand.

"Although the US is not likely to conduct military attacks in Iran before the end of this year's presidential election, it may take a stronger stance over Iran next year," he said.

Before arriving in Israel on Tuesday to discuss "the threat" of Iran's nuclear program and sharing intelligence information with Israeli leaders, US Defense Secretary Leon Panetta denied Israeli press reports that he planned to share with the Israelis any US plans for military action against Iran.

AP, Xinhua and Reuters contributed to this story.



BOMB CAUSES BLACKOUT IN THAI CITY

PHOTO BY TUWAEDANIYA MERINGING / AGENCE FRANCE-PRESSE

Members of a Thai bomb squad check the site of a car bomb attack at a hotel in the Muslim majority province of Pattani, southern Thailand, on Wednesday. A bomb exploded outside the hotel, causing a temporary blackout in the city of Pattani and wounding three people.

BRICS nations to vote against Syria resolution

By ZHAO SHENGNAN
zhaoshengnan@chinadaily.com.cn

Representatives of BRICS, the five-nation group comprising large emerging economies, plan to vote against a UN General Assembly draft resolution on Syria, Moscow-based RIA Novosti news agency said on Wednesday.

China is a member of BRICS. The UN General Assembly said on Tuesday it will hold a meeting on the crisis in Syria this week, and diplomats say it will likely vote on a Saudi Arabia-drafted resolution that condemns the Security Council for failing to take action against Damascus.

The 193-nation assembly's press office said the meeting on Syria's 16-month-old conflict will take place at 10 am on Thursday.

This meeting comes after Russia and China on July 19 for the third time vetoed a Western-backed draft resolution in the Security Council, which threatened Syrian authorities with sanctions.

Besides China and Russia, BRICS also includes Brazil, India and South Africa.

The assembly was expected to vote on a draft resolution that voices "grave concern at the escalation of violence in the Syrian Arab Republic, in particular the continued wide-

spread and systematic gross violations of human rights", UN diplomats said.

The latest draft, dated Monday, was penned by Saudi Arabia, which is openly supporting the rebel forces fighting Syrian President Bashar al-Assad. Damascus has claimed repeatedly that Qatar and Saudi Arabia are arming the rebels.

The draft resolution would also have the assembly "expressing grave concern at the Syrian authorities' threat to use chemical or biological weapons". Damascus recently acknowledged having chemical arms, but said it would use such weapons if it were attacked by foreign powers.

The resolution also would have the assembly "deploring the Security Council failure to agree on measures to ensure the Syrian authorities' compliance with its decisions" that call for an end to the violence.

That condemnation, Western envoys say, is aimed at Moscow and Beijing.

Unlike Security Council resolutions, General Assembly resolutions are not legally binding, but there are no vetoes in the assembly, said Li Guofu, director of Middle East studies with the China Institute of International Studies.

"If passed, the nonbinding resolution would have a limited effect on the Syrian situation,

but it would show the international community's support for opposition parties," Li said.

A strong majority vote in the assembly for a resolution would also increase the pressure on Syria's government, as well as Russia and China, which are calling for a peaceful resolution of the Syrian crisis, he added.

The Saudi resolution reiterates the Arab League's calls for Assad to step down and allow a political transition to a democratic government. It also urges both the government forces and rebels to stop the violence, though it mainly focuses its criticism on the government.

On Wednesday, Assad said on the occasion of the 67th anniversary of the army that the Syrian army is engaged in a "crucial and heroic battle" that will decide the country's future.

Syrian army troops on Wednesday engaged a unit of about 500 rebels north of Aleppo, the country's second-largest city. Fighting in the capital continues.

Sausan Ghosheh, the spokeswoman for the UN mission in Syria, said the situation in Aleppo was dire, with "heavy use of heavy weapons", including tanks, which the rebels now possess as well.

Reuters and AP contributed to this story.



Syrian rebels carry a fighter who was wounded during clashes with government troops in the Salhin district of the northern city of Aleppo on Tuesday. Syrian rebels attacked key military targets and overran two police stations in Aleppo, killing 40 officers, a watchdog said, as the pivotal battle for the commercial capital raged.

PIERRE TORRES / AGENCE FRANCE-PRESSE