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St. Petersburg Company Suspends Shipping Certification Work With Iran

By The Moscow Times

September 06, 2012



The Russian-built Bushehr nuclear reactor in Iran is now at full capacity but remains a sore point with the West.

LONDON — A Russian firm has decided to stop verifying safety and environmental standards for one of Iran's biggest shipping groups, a letter showed — the latest international company wary of being caught up in Western sanctions on the Islamic Republic.

Iran is under growing pressure over its disputed nuclear program, and companies are cutting ties with its vital shipping sector — which transports most of its crude oil — for fear of losing lucrative U.S. business.

Moscow opposes concerted trade pressure on Tehran by Washington and its allies, making the Russian company's decision unusual.

A letter seen by Reuters showed St. Petersburg-based Russian Maritime Register of Shipping,

or RS, among the top 13 global ship classification societies, had decided to suspend its activities in Iran after being urged to pull out by U.S. pressure group United Against Nuclear Iran, or UANI.

A targeted campaign by UANI, which includes former U.S. ambassadors on its board and is funded by private donations, has already led to other classification societies exiting Iran. Without certification from classification societies, vessels are unable to secure insurance cover or call at most international ports.

"The decision has been made to suspend RS activities in Iran," its chief executive, Mikhail Ayvazov, wrote in a letter to UANI dated Aug. 31.

"Since its foundation in 1913, RS never was a political organization and didn't carry out any tasks connected with realization of any political interests of other organizations and states," Ayvazov said in a separate note. RS officials could not be reached for comment.

ACCUSATION OF 'BLACKMAIL'

Russia blasted the latest round of U.S. sanctions against Iran last month, calling them "overt blackmail," and said they would harm Moscow's ties with Washington if Russian firms were affected. UANI chief executive Mark Wallace said, "It is significant that Russia's leading classification society will now refuse to do business with the IRISL. Iran's friends are becoming fewer."

Western sanctions have targeted Iran's oil industry, a vital source of government revenue, aiming to ratchet up pressure on Iranian President Mahmoud Ahmadinejad to halt nuclear work, which Tehran says is for peaceful purposes rather than military. "Iran will find ways around it, but it's getting harder for them every day," a ship industry source said.

IRAN FIRMS UNDER FIRE

Sanctions pressure has led to the near collapse of an Iranian-led shipping venture called Irano Hind Shipping, while Iran's biggest tanker operator, NITC, is increasingly being targeted by Washington.

RS's Ayvazov said in the letter that the firm was suspending all certification and related services to the Islamic Republic of Iran Shipping Lines' (IRISL) vessels as well as offshore platforms including drilling rigs. "Activities of RS do not contradict provisions of resolutions of the UN Security Council concerning sanctions against Iran," Ayvazov said. "The process of suspension will be completed as soon as practical and possible."

An IRISL official, who declined to be named, said on Wednesday it had no information yet about the withdrawal of services.

IRISL has been on a Western blacklist of sanctioned entities for a number of years. It has denied any wrongdoing.

Ayvazov said in the letter the suspension of services included IRISL's oil tanker the Tour. Shipping sources have told Reuters the Tour was among vessels used to transport crude from Syria to Iran as part of Tehran's moves to bolster Syrian President Bashar Al-Assad's

rule in the face of an armed revolt against him.

A small number of Russian companies have pulled back from business with Iran, including LUKoil, but non-sanctions related trade such as grain and food exports remains buoyant. There are more than 50 classification societies. Members of the top 13, including Germany's Germanischer Lloyd and France's Bureau Veritas, have left Iran in recent months after being targeted by UANI. Others such as Britain's Lloyd's Register have pulled out, citing Western sanctions. Nevertheless, a South Korean ship classifier — one of the only societies of the top 13 still providing services to Iranian companies — has sidestepped calls to halt its verification work, saying it was concerned that vessel safety and marine environment protection could be compromised by political issues.

"The kind of pressure UANI brings doesn't stop Iran's oil from being transported by sea. It just stops it from being transported responsibly, in a manner where the crews are safe and the associated risks to the environment are minimized," another ship industry source said. "I worry that there will be a price to be paid for these actions, and it likely won't be paid in Iran, or by Iranians."

WARNING REPEATED

On Thursday, Russia starkly warned Israel and the United States against attacking Iran, saying Moscow sees no evidence that Tehran's nuclear program is aimed at developing weapons, the Interfax news reported.

"We warn those who are no strangers to military solutions ... that this would be harmful, literally disastrous for regional stability," Interfax quoted Deputy Foreign Minister Sergei Ryabkov as saying.

An attack on Iran "would set off deep shocks in the security and economic spheres that would reverberate far beyond the boundaries of the Middle East region," Ryabkov was quoted as saying.

Russian officials have issued similar warnings in the past, but Ryabkov's remarks appeared to underscore Moscow's concern about the possibility that Israel might attack Iranian nuclear facilities.

Heightened Israeli rhetoric about the facilities, which Western powers believe are part of a program to develop a nuclear weapons capability, has stoked speculation that Israel may attack Iran before the U.S. presidential election in November.

Ryabkov said there were no indications of a military nuclear program and suggested monitoring by the U.N. nuclear agency was a strong guarantee.

"We, as before, see no signs that there is a military dimension to Iran's nuclear program. No signs," Interfax quoted Ryabkov, Russia's point man for diplomacy on Iran's nuclear program.

"We see something different — that there is nuclear material ... in Iran that is under the control of inspectors, specialists of the International Atomic Energy Agency," he said.

"This nuclear material is not being shifted to military needs, this is officially confirmed by the (IAEA)," Rybakov added.

His remarks appeared to be at odds with mounting concern voiced by the UN atomic watchdog about possible military dimensions to Iran's nuclear program.

The IAEA said last week that Iran had doubled the number of uranium enrichment centrifuges in an underground bunker in a few months, showing it continued to expand its nuclear program despite sanctions and the threat of an Israeli attack. The new machines are not yet operating, it added.

It also said that in the last decade, it had become "increasingly concerned about the possible existence in Iran of undisclosed nuclear-related activities involving military related organizations."

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