

# PANEL OF EXPERTS ESTABLISHED PURSUANT TO RESOLUTION 1929 (2010)

## - FINAL REPORT -

### EXECUTIVE SUMMARY

1. This Final Report is submitted in fulfilment of the Panel's mandate as set forth in paragraph 29 of Security Council resolution 1929 (2010). It contains the Panel's analysis, conclusions and recommendations regarding Iran's compliance with the provisions of resolution 1929 (2010) and prior related resolutions, as well as implementation by Member States. The report draws on consultations with Member States and experts, inspections of reported incidents of non-compliance, and assessments of implementation reports submitted by Member States under resolution 1929 (2010). The report also discusses other work undertaken by the Panel according to its remit, including outreach activities to Member States, regional groups, and the private sector and, where appropriate, the provision of technical advice.
2. The sanctions specified in resolution 1929 (2010) and previous resolutions are part of an intensive effort by the international community to persuade Iran to comply with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons and to satisfy the international community that its nuclear programme is for purely peaceful purposes. Sanctions are one element of a dual-track approach to Iran which includes a concerted diplomatic effort by China, France, Germany, Russia, the United Kingdom and United States. Sanctions are carefully targeted at specific activities, institutions, entities and individuals related to Iran's prohibited nuclear and missile activity and transfers of conventional weapons. They seek to alter the policies and decisions related to these issues by Iran's leadership, which has regularly downplayed the impact of sanctions, without imposing an undue burden on its citizens or creating humanitarian hardships. The challenge for Member States is full implementation of these targeted sanctions, while enabling legitimate trade and other activities not covered by sanctions to continue unhindered.
3. The Panel notes that its work is taking place against a backdrop of unprecedented social and political upheaval in the Middle East. This upheaval could have an impact on the implementation of sanctions. The Panel is unable at present to hold consultations with certain key Member States in the region.

4. Overall, the Panel has found that sanctions are constraining Iran's procurement of items related to prohibited nuclear and ballistic missile activity and thus slowing development of these programmes. Awareness of Iran's sanctioned activity is growing among Member States. Member States are taking a more active role in the implementation process, strengthening export controls, and exercising vigilance through their financial and regulatory bodies, port and customs authorities. Sanctions have clearly forced changes in the way in which Iran procures items falling below control thresholds, and in the way it exports conventional arms and related materials. The frequency of reported incidents of non-compliance to the Sanctions Committee has also grown.
5. At the same time, Iran's circumvention of sanctions across all areas, in particular the use of front companies, concealment methods in shipping, financial transactions and the transfer of conventional arms and related materiel, is wilful and continuing. Iran maintains its uranium enrichment and heavy water-related activities, as noted in reporting by the International Atomic Energy Agency, and in the area of ballistic missiles, continues to test missiles and engage in prohibited procurement.
6. The majority of inspections of reported incidents of non-compliance by the Panel thus far concern Iran's transfers of conventional arms and related materiel, prohibited under resolution 1747 (2007). The same prohibition applies to the importation by Member States of such items originating in Iran. The Panel notes that most reported incidents of conventional arms-related violations involve Syria, which has a long and close relationship with Iran. In all such incidents inspected by the Panel, prohibited material was carefully concealed to avoid routine inspection and hide the identity of end-users. It is likely that other transfers took place undetected and that other illicit shipments were identified but not reported to the Committee.
7. The report also highlights the role played by elements of the Iranian Revolutionary Guard Corps (IRGC) in Iran's prohibited activities, for example in the establishment of front companies to carry out procurement and to export covert shipments of conventional weapons. IRGC activities in this sphere pose special challenges for the effective implementation of sanctions. Iran is deploying a wide range of measures to circumvent financial measures; the Panel recommends that it participate in the work by FATF on the implementation of sanctions. Finally, the Panel notes the existence of some reported incidents in which the relevant Member State has failed to welcome the Panel's inspection activity.
8. The Panel has identified a number of areas in which the implementation of sanctions can be made more effective, and presents to that effect the following key recommendations (the full list of recommendations is contained in Part III of the report):

**Recommendation 1:** The Security Council should designate the following individuals and entity referred to in the Panel’s report of its inspection in the Everest (Nigeria) incident:<sup>1</sup>

- Ali Akbar Tabatabaei (alias Sayed Akbar Tahmaesebi)
- Azim Aghajani (also spelled Adhajani)
- Behineh Trading Co, Tehran, Iran

**Recommendation 2:** The Security Council should consider, in view of information to be received from Member States, the designation of the following entity also reported to be involved in the Everest (Nigeria) incident:

- International General Trading and Construction

**Recommendation 3:** The Security Council should seek additional information from Member States of the following IRISL-affiliated entities, with a view toward eventual designation:

- Hafiz Darya Shipping Lines (HDSL)
- Sapid Shipping

**Recommendation 4:** The Committee, with the assistance of the Panel, should make publicly available via its website, national lists of critical items, as determined by Member States, related to procurement for prohibited nuclear and ballistic missile activities.

**Recommendation 5:** The Security Council should urge Member States to maintain a high level of vigilance with the aim of interdicting prohibited transfers of arms and related materiel, and to report within the time specified in resolution 1929 (2010) any such incidents to the Committee, and to support the Panel as it seeks to inspect such incidents.

**Recommendation 6:** The Security Council should update the relevant provisions of resolution 1929 (2010) to reflect the current versions of the control lists referred to in paragraph 13 of the resolution.

**Recommendation 7:** The Security Council should encourage Member States to provide information, expertise and experience to States whose export control regimes and capacities for effective implementation could be further strengthened.

**Recommendation 8:** The Security Council should request Member States to encourage their commercial transportation sector to implement robust internal compliance procedures when doing business with Iran. Such procedures should include vigilance over shipper owned containers, “to order” consignees in bills of lading, and due diligence over all parties involved in the shipment.

**Recommendation 9:** The Security Council should encourage Member States to exercise effective controls over their flag vessels and aircraft, in particular those

---

<sup>1</sup> S/AC.50/2011/Note.19.

vessels owned or controlled by IRISL, in order to ensure that they are not engaged in activities prohibited by sanctions.

**Recommendation 10:** The Security Council should request that FATF's work on the implementation of the financial provisions contained in resolution 1929 (2010) be taken forward with the participation of the Panel.

**Recommendation 11:** The Security Council should request Member States to provide information on violations of financial sanctions and on Iranian assets that have been frozen as a consequence of implementing sanctions.

**Recommendation 12:** As highlighted in some inspections reports, the lack of resources, appropriate facilities and expertise can hamper the ability of some Member States to fulfil their obligations with respect to the disposal of seized items, some of which can be hazardous; the Panel recommends that the Security Council consider forms of assistance to such States, including inter alia bilateral assistance and/or creation of a voluntary assistance fund.

## INTRODUCTION

1. On 9 June 2010, the Security Council adopted resolution 1929 (2010), by which, inter alia, it established for an initial period of one year a Panel of Experts to investigate and report on the relevant sanctions measures imposed against the Islamic Republic of Iran (“Iran”). The present report has been prepared in accordance with paragraph 29 (d) of that resolution and provides a summary of the Panel’s work in its six months of activity. The Panel notes that this final report should be read in conjunction with its Interim Report submitted to the Security Council on 4 February 2011 (S/AC.50/2011/COMM.11).
2. The Panel of Experts (“the Panel”), which consists of eight members, was appointed by the Secretary-General on 5 November 2010 and began its work with a majority of members present on 29 November 2010. It was complete with the arrival of its eighth member on 28 January 2011. The Panel’s composition is as follows: Salomé Zourabichvili (France) – Coordinator; Jonathan Brewer (United Kingdom of Great Britain and Northern Ireland); Kenichiro Matsubayashi (Japan); Thomas Mazet (Germany); Jacqueline Shire (United States of America); Elena Vodopolova (Russian Federation); Olasehinde Ishola Williams (Nigeria); and Wenlei Xu (People’s Republic of China).
3. The Panel operates under the direction of the Security Council Committee established pursuant to resolution 1737 (2006) (“the Committee”). The mandate of the Panel, as set out in paragraph 29 of resolution 1929 (2010), is to:
  - (a) Assist the Committee in carrying out its mandate as specified in paragraph 18 of resolution 1737 (2006) and paragraph 28 of resolution 1929 (2010);
  - (b) Gather, examine and analyse information from States, relevant United Nations bodies and other interested parties regarding the implementation of the measures decided in resolutions 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010), in particular incidents of non-compliance;
  - (c) Make recommendations on actions the Council, or the Committee or the State, may consider to improve implementation of the relevant measures; and
  - (d) Provide a final report to the Council no later than 30 days prior to the termination of its mandate with findings and recommendations.
4. By resolution 1929 (2010), the Security Council sought to strengthen and build upon the measures contained in resolutions 1737 (2006), 1747 (2007), and 1803 (2008), with a view to persuading Iran to comply with its Security Council obligations and also to constrain Iran’s development of sensitive technologies in support of its prohibited nuclear and missile programmes. Security Council measures with respect to Iran include:
  - (a) A proliferation-sensitive nuclear and ballistic missile programmes-related embargo (paragraphs 3, 4, 5, 6, 7, and 9 of resolution 1737 (2006); paragraph 8

- of resolution 1803 (2008); and paragraphs 7, 9, and 13 of resolution 1929 (2010));
- (b) An arms embargo (paragraph 5 of resolution 1747 (2007) and paragraph 8 of resolution 1929 (2010));
  - (c) A travel ban (paragraph 10 of resolution 1929 (2010));
  - (d) An assets freeze (paragraphs 12, 13, 14, and 15 of resolution 1737 (2006), paragraph 4 of resolution 1747 (2007), paragraph 7 of resolution 1803 (2008), and paragraphs 11, 12, and 19 of resolution 1929 (2010));
  - (e) Other business restrictions (paragraph 22 of resolution 1929 (2010));
  - (f) Seizure and disposal of proscribed items, following inspections of cargo (paragraphs 14, 15, 16, and 17 of resolution 1929 (2010));
  - (g) A ban on the provision of bunkering services (paragraph 18 of resolution 1929 (2010));
  - (h) Financial-related measures (paragraph 7 of resolution 1747 (2007), paragraphs 9 and 10 of resolution 1803 (2008), and paragraphs 21, 23, and 24 of resolution 1929 (2010), as well as preambular paragraph 16 of resolution 1929 (2010)); and
  - (i) Other requests and calls to States (paragraph 17 of resolution 1737 (2006) and paragraph 20 of resolution 1929 (2010)).
5. Resolution 1929 (2010) emphasizes the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear programme is exclusively for peaceful purposes.
  6. The sanctions specified in resolution 1929 (2010) and previous resolutions are part of a larger effort by the international community to persuade Iran to comply fully with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons to maintain a nuclear programme for purely peaceful purposes, and to satisfy the international community that its nuclear programme is for purely peaceful purposes. Sanctions are only one element of a dual-track approach to Iran, which includes a concerted diplomatic effort by China, France, Germany, Russia, the United Kingdom, and United States. These Member States most recently held direct talks with Iran in Geneva in December 2010 and in Istanbul in January 2011.
  7. Security Council resolutions are targeted at specific activities, institutions, entities, and individuals related to Iran's prohibited nuclear and missile activities, and conventional arms imports and exports. They seek to alter the decision-making calculus of Iran's leadership, without imposing a burden on its citizens or creating humanitarian hardships. The challenge for Member States is to balance the need to target specific activities, entities, programmes, and procurement in Iran related to its nuclear and missile programmes, and arms-related exports, while allowing legitimate trade to continue unhindered.
  8. It is difficult to assess the impact of sanctions contained in Security Council resolutions, in particular measured against stronger and more comprehensive sanctions imposed by States on a unilateral basis.

9. Iran has sought to downplay the impact of sanctions. President Ahmadinejad and senior officials have stated that the country has experienced considerable growth in a variety of sectors, notwithstanding sanctions.<sup>2</sup> The Panel's own consultations with Member States have found that in some cases, non-energy related trade with Iran has stayed constant or increased over previous years.<sup>3</sup>
10. Iran plays an important role in the international economy primarily as an energy supplier. Iran is the world's fourth largest producer of crude oil and the third largest exporter. It is also the third largest producer of natural gas.<sup>4</sup> For many Member States, Iran is a significant source of energy. For example, in 2009 Iran has absorbed more than 3 billion dollars of foreign direct investment,<sup>5</sup> and was engaged in nearly 130 billion dollars of merchandise trade worldwide.<sup>6</sup> In short, Iran is not a country isolated from the world economic system.<sup>7</sup>
11. The challenge in achieving effective implementation of sanctions is to balance the need to target Iran's specific activities, entities, programmes, and procurement related to its prohibited nuclear and missile programmes, and arms-related exports, while allowing legitimate trade between Iran and Member States to continue.
12. Acknowledging this balancing act, the Panel has sought to identify concrete measures that will enhance the effectiveness of sanctions, targeted specifically to the issues identified in resolution 1929 (2010) and prior resolutions.

---

<sup>2</sup> According to media reports, in April 2011, President Ahmadinejad noted that despite tough sanctions on the country's energy sector, Iran witnessed a considerable growth in various fields in 2010. Similarly, First Vice-President Mohammad Reza Rahimi remarked, in April 2011, that the sanctions against Iran had left no impact on the country's progress (Source: Press TV).

<sup>3</sup> This may be explained at least in part by the gradual economic recovery following the global economic crisis of 2008 and 2009. For example, exports of chemical products from the European Union to Iran between 2006 and 2010 have stayed constant. Meanwhile, exports of machinery and transport equipment between the same trading partners have increased by 13% (Source: Eurostat).

<sup>4</sup> Source: Key World Energy Statistics 2010, International Energy Agency (IEA) and CIA World Factbook.

<sup>5</sup> Source: Country Fact Sheet, World Investment Report 2010, United Nations Conference on Trade and Development (UNCTAD).

<sup>6</sup> Source: International Trade Statistics 2010, World Trade Organization (WTO).

<sup>7</sup> For example, in 2010, Iran signed an agreement with a German engineering company, Steiner Prematechnik Gastec, to build equipment for three gas conversion plants in Iran, worth €100 million. Also in 2010, Iran and Turkmenistan have inaugurated the last section of a 1.2 billion dollar gas pipeline between the two countries (Source: Fars News Agency). In July 2010, Turkey and Iran signed a \$1.3 billion contract to build a 660 km pipeline that would transfer Iranian gas to Turkey (Source: Reuters).

## PART I. PANEL'S ACTIVITIES

13. Since the commencement of its work in November 2010, the Panel has had some six months in which to undertake its work and develop the recommendations contained in this report. During this period, the Panel has held consultations with sixteen Member States, and conducted physical inspections of seven reported incidents of non-compliance. In addition, the Panel has submitted two assessments of implementation reports submitted under resolution 1929 (2010), on 31 January 2011 and 29 April 2011 respectively, as well as its first Interim Report to the Security Council on 4 February 2011.

### A. CONSULTATIONS

14. In order to fulfil its mandate, the Panel has held direct consultations and exchanges of views with many Member States, both in New York and in foreign capitals. As of this report, the Panel has received invitations from 23 Member States.
15. The Panel initiated its work by holding consultations with those States partners in the diplomatic process, key bordering or regional Member States, and those hosting relevant international organizations. Along these lines, the Panel has held consultations with Austria, the United Kingdom, Belgium and France (14-22 December 2010), Japan (6-7 January 2011), Russian Federation and Germany (21-24 February 2011), and the United States (28 February to 1 March 2011), Turkey (17-18 March 2011), and China (28-29 April 2011). These consultations provided the Panel with important insights into how Member States are implementing sanctions and where practices might be improved. In some visits, briefings addressed related matters, including the regional, economic or international political context of the sanctions issue.
16. Similar consultations were also held in the places where the Panel visited for physical inspections of reported incidents including Nigeria (18-21 January 2011), Israel (6-8 March 2011), Malta (8-10 March 2011), Italy (14-16 March 2011), the Republic of Korea (12-13 April 2011), and Singapore (26 April 2011).
17. On several trips the Panel was able to visit major ports/airports and to receive briefings from customs and port authorities directly involved in the enforcement of measures under the relevant Security Council resolutions. These include Yokohama Port in Japan, Lagos Port in Nigeria, Hamburg Port in Germany, Freeport in Malta, Gioia Tauro Port in Italy, Mersin Port in Turkey, Incheon Airport in the Republic of Korea, and Singapore Port. These visits have deepened the Panel's understanding of enforcement and implementation issues related to export controls, customs, and transportation/shipment.



18. The Panel has carried out its tasks in consultation with experts in the United Nations system such as the Office of Disarmament Affairs (UNODA), the United Nations Institute for Disarmament Research (UNIDIR), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Office on Drugs and Crime (UNODC), and, as appropriate, experts working under other Security Council resolutions, including resolutions 1540 (2004) and 1874 (2009).

## **B. OUTREACH AND RELATED ACTIVITIES**

19. In line with the Committee's strong support and encouragement for the Panel's outreach activities, the Panel has proactively made contacts with experts outside the United Nations system and conducted outreach activities. One Member State underlined that participation in these activities should be voluntary.
20. From the beginning of its work, the Panel set outreach activities as one of its priorities. After the submission of its first assessment of implementation reports, which showed the extent of the challenges encountered in bringing a vast majority of countries to report under not only resolution 1929 (2010) but under any of the four resolutions related to sanctions against Iran, the Panel increased its activities by reaching out to Permanent Missions in New York to remind them of their obligations, propose assistance in preparing the report, and provide necessary documents, guidance from the Committee, and templates of reports.
21. In addition, the Panel Coordinator met more than 40 Permanent Representatives and with the chairs of the Latin American and Caribbean (Barbados) and the African (Niger) General Assembly regional groups.
22. Under the guidance of the Committee, the Panel has held and prepared for regional outreach meetings for outlining Panel's activities and Member States' obligations under the relevant Security Council resolutions, and raising their awareness regarding the importance of implementing those obligations. The Panel has been working on outreach meetings with specific regional groups to be held both in New York and elsewhere. As the first outcome of its efforts, the Panel conducted an outreach meeting with 27 European Union member States in New York on 1 April 2011.
23. The Panel initiated a regional outreach seminar to be held in Dubai, United Arab Emirates, on 9-10 May 2011, in collaboration with the International Institute for Strategic Studies (IISS) and supported by the United Kingdom. Representatives from Governments of the Gulf States including customs and financial authorities and other experts will discuss issues related to sanctions implementation.

24. A second regional outreach seminar for West Africa is also under discussion with the Government of Nigeria. Similar seminars have been proposed by the Panel to Brazil, China, Japan, and South Africa.
25. The Panel also met representatives from international organisations to obtain information concerning the implementation of measures under the relevant Security Council resolutions and related issues, including the European Union in Brussels, the International Atomic Energy Agency and the Zangger Committee in Vienna and the International Maritime Organisation (IMO) in London.
26. The Panel has been in contact with experts from governmental and non-governmental think tanks and universities.<sup>8</sup> These include IISS, Pugwash Conference, JIME Center of the Institute of Energy Economics of Japan, the Institute of Middle Eastern Studies of Russia, Harvard University, the Institute of Science and International Security (ISIS), and the Carnegie Endowment of International Peace of the United States.
27. The Panel has met representatives of companies involved and experienced in the implementation of sanctions measures, including Rakon, Lloyds, CMA-CGM, and Maersk. The Panel has been represented at seminars with the private sector held in London (16 February and 16 May 2011).

## **C. ASSESSMENT OF IMPLEMENTATION REPORTS**

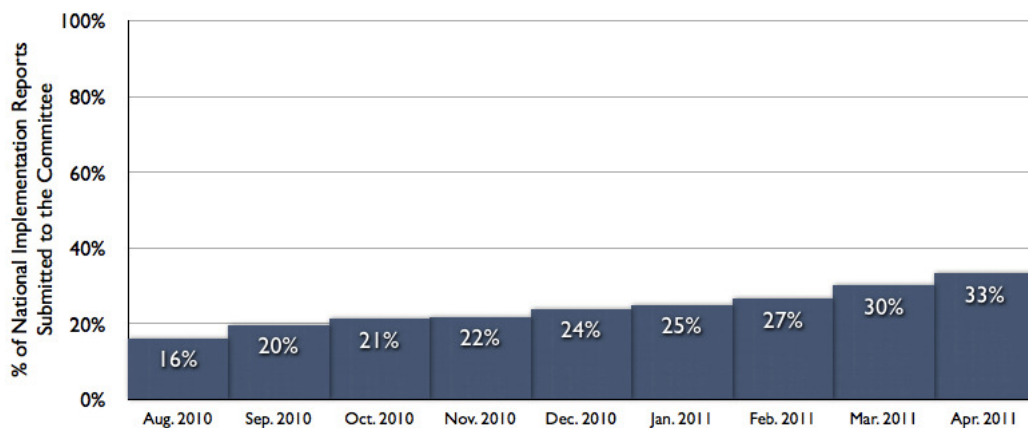
28. The Panel submitted to the Committee, pursuant to paragraph 29 of resolution 1929 (2010), an assessment of implementation reports from Member States on 31 January 2011 (S/AC.50/2011/COMM.7) and the first quarterly update on 29 April 2011 (S/AC.50/2011/COMM.7/Add.1).
29. In its assessment of 31 January 2011, the Panel found that 75 percent of States had not submitted implementation reports pursuant to resolution 1929 (2010) and that of these, 67 percent had not submitted reports under any of the four sanctions resolutions on Iran (see Figure 1). These statistics raise concern about the universal understanding of the mandatory nature of Security Council resolutions. Possible reasons include:
  - Some States find the reporting process burdensome, in particular if they consider that they have little or nothing to report, and especially if they already provided reports under one or more of resolutions 1737 (2006), 1747 (2007), and 1803 (2008). For other States internal procedures could result in delays in reporting;

---

<sup>8</sup> Out of these, three were via video teleconference.

- Paragraph 31 of resolution 1929 (2010) does not define the format or content expected of implementation reports. States may be unclear about what type of information or level of detail should be reported, particularly, for example, if they are not recognised sources of weapons or dual-use technology or their trade with Iran is non-existent; and
- Some States may not feel Iranian actions are of sufficient concern, perhaps because they are geographically far removed, to justify submitting their report on implementation of resolution 1929 (2010) in a timely fashion.

**Figure 1. Monthly Reporting Since the Adoption of Resolution 1929 (2010)**



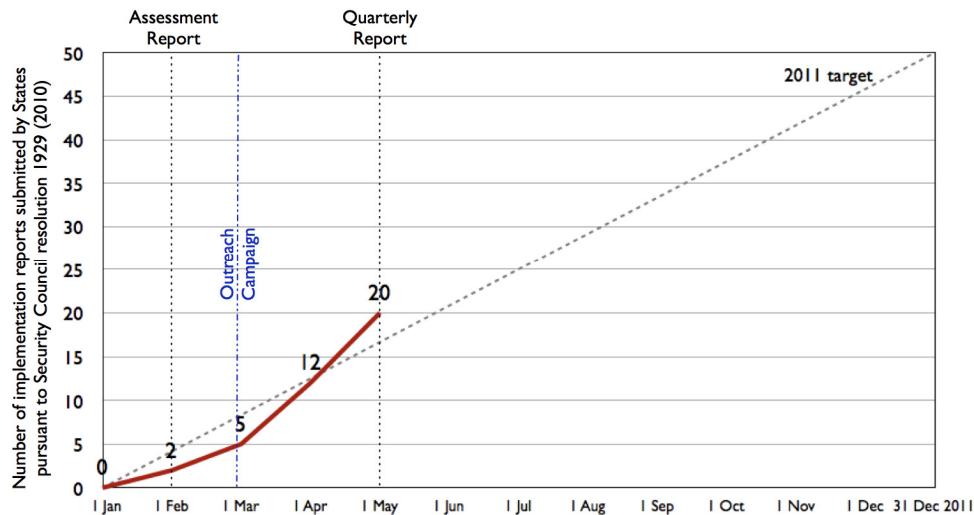
30. The Panel also found that information was provided in an uneven fashion. Only about half of the reports submitted provided sufficient detail to enable the Panel to assess them as required. States reported mainly on the legislative framework for implementation of sanctions.
31. The Panel believes that it would be very useful to have States reporting not only on their legislation, but also on enforcement of sanctions and on their practical experience and challenges of implementation. The Panel submitted initial guidance to the Committee on a format for States to follow when drafting their reports. This was circulated on 3 May 2011 (S/AC.50/2011/NOTE.25).
32. Since the first assessment report, a further eighteen Member States have submitted implementation reports, bringing the total number of reporting States to 66.

**Performance measures set for the Panel by the General Assembly require that 50 implementation reports be submitted to the Committee in 2011 (A/65/328/Add.2). As shown in**

33. Figure 2, the current rate of reporting is on the trend necessary to achieve this goal by the end of the year. However most of the States which have not yet reported have failed to report under any of the previous sanctions resolutions on Iran (almost 50 per cent of United Nations Member States). This situation will not improve in

the future, irrespective of the Panel's efforts, if the general approach to reporting is not reviewed.

**Figure 2. Rate of Submission of Implementation Reports**



## D. INSPECTIONS OF REPORTED INCIDENTS

34. The Panel has completed inspections of six reported incidents (see Figure 3 and Figure 4).<sup>9</sup> Two of these were reported prior to the start of its mandate<sup>10</sup> and four reported following the adoption of resolution 1929 (2010).<sup>11</sup> Three additional inspections of reported incidents are pending.<sup>12</sup> The Panel notes the increased frequency of reported incidents, which could reflect heightened awareness of Member States of their reporting obligations or increased non-compliance by Iran (see Figure 3 for a timeline of reported incidents). The following discussion of the Panel's inspection activities summarizes the key background, chronology and findings of each inspection.

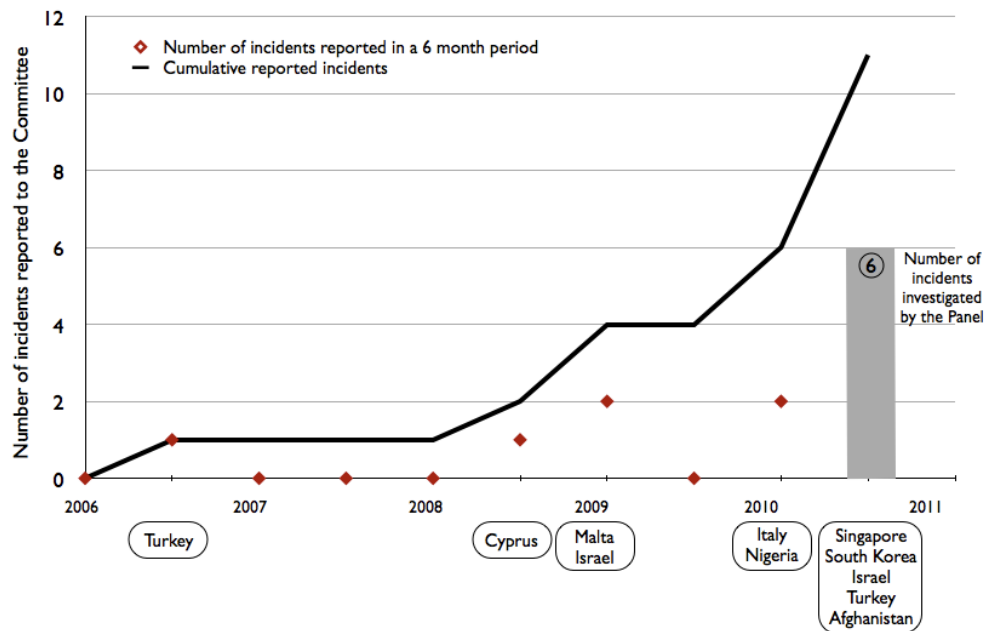
<sup>9</sup> Inspection visits are made by the Panel in varying formats ranging from full membership (for the inspection in Nigeria since it was the first inspection ever made by the Panel) to smaller teams composed of two to four experts. This report will refer to "the Panel" and not "members of the Panel," since all inspections and the subsequent reports engage the Panel as a whole.

<sup>10</sup> Francop (Israel) and Hansa India (Malta).

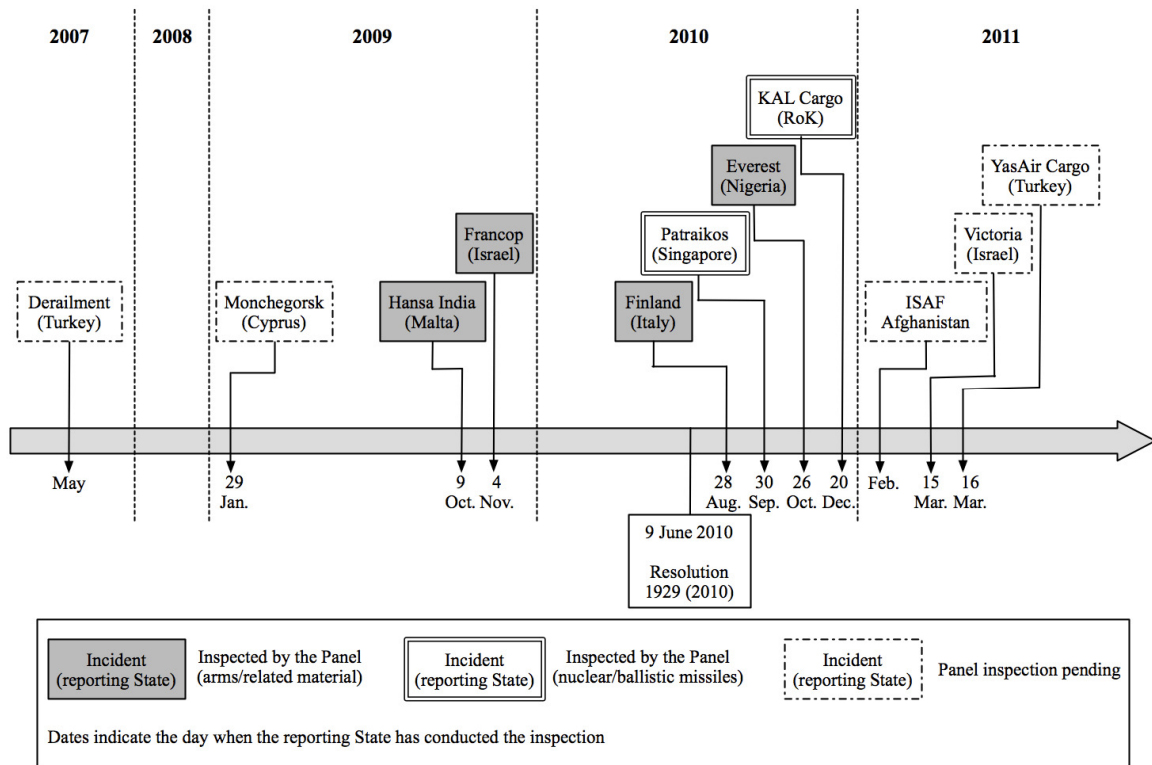
<sup>11</sup> Everest (Nigeria), M/S Finland (Italy), Korean Air Cargo (South Korea), and Patraikos (Singapore).

<sup>12</sup> Victoria (Israel), ISAF Afghanistan and YasAir Cargo (Turkey).

**Figure 3. Cumulative timeline of reported incidents**



**Figure 4. Type of incidents reported to the Committee**



35. The Panel wishes to highlight the strong cooperation it has received from all Member States that have welcomed it for inspections and facilitated its work. In its discussions with Member States the Panel has emphasized the positive example set by reporting States. The Panel recalls paragraph 17 of resolution 1929 (2010), by which the Security Council requires any State, when it undertakes an inspection, “to submit to the Committee within five working days an initial written report containing, in particular, explanation of the grounds for the inspections, [and] the results of such inspections.”
36. A related issue pertains to incidents, reported in the media, acknowledged by governmental authorities in public statements and press conferences that were not inspected further by local authorities, and hence not reported within the period of time specified by paragraph 17 of resolution 1929 (2010). The Panel intends to make enquiries about these cases.
37. One issue raised by several Member States in possession of seized items concerns disposal of the cargo and whether assistance is available for such disposal, in particular when large quantities of items are concerned. Among the Panel’s recommendations is that the Committee consider ways to assist in this important matter.

#### I. INCIDENTS REPORTED BEFORE THE ADOPTION OF RESOLUTION 1929 (2010)

##### **HANSA INDIA (MALTA)**

38. The Panel visited Malta on 8-10 March 2011 to gather, examine, and analyse information regarding the incident reported by the German and Maltese authorities to the Committee (S/AC.50/2009/COMM.20 and S/AC.50/2009/COMM.21).

##### **Sequence of events**

39. The vessel Hansa India, chartered by the Islamic Republic of Iran Shipping Lines (IRISL) left Bandar Abbas, Iran on 25 September 2009, destined for Latakia Port (Syria) via Damietta Port (Egypt). It was stopped and searched by the United States Navy in the Red Sea en route to Damietta and in conformity with instructions received from the German authorities, the vessel’s flag State, instead of offloading the cargo in Damietta (the original port of discharge), the Hansa India was instructed to go to Malta Freeport. In Malta Freeport, the cargo was inspected upon arrival by the Maltese authorities. The cargo was found to contain bullet casings and blank disks.

##### **Inspection**

40. The Panel conducted, in close cooperation with and in the presence of the relevant authorities, a physical examination of the eight containers, which had been

confiscated and kept under surveillance since the interdiction and disembarking in Malta.

### **Findings**

41. During the physical examination, the Panel corroborated the conclusions of the Maltese initial inspections. It found that each of the seven containers held 80 barrels with bullets casings, the total number of bullets casings being about 12 million.
42. The Panel also found that each container carried the name of the shipping company IRISL on the side walls and that the barrels were marked with the inscription “SAEZMANE SANAYE DEFA”, which is the name in Farsi of the Defence Industries Organization of Iran. The Destination was also identified on the barrels as “Lattakia or Tartous.”
43. The Panel noted that the long-term storage of confiscated cargoes, as in the case of Malta, entails a cost and poses a burden especially on countries with limited facilities and highly dependent on revenues from maritime and port operations. It also found that the disposal issue can represent an additional burden when the country does not have adequate facilities, as is the case of Malta.

### **Conclusion**

44. The Panel concluded that the shipment constitutes a violation by Iran of paragraph 5 of Security Council resolution 1747 (2007), based on the fact that the confiscated cargo qualifies as arms or related materiel and that the origin of the shipment was evidenced to be Iran (port of loading being Bandar Abbas and original shipper “DIO” of Iran).

### **FRANCOP (ISRAEL)**

45. The Panel travelled to Israel on 8-10 March 2011 for briefings by the Israeli authorities and to inspect ammunition found hidden inside shipping containers on the MV Francop, as reported by Israel to the Committee on 18 November 2009 (S/AC.50/2009/COMM.25).

### **Sequence of events**

46. While en route from Damietta, Egypt, to Latakia, Syria, the MV Francop was intercepted on 3/4 November 2009 by the Israeli Navy and diverted to the Port of Ashdod where the ammunition was unloaded, inventoried and dispersed for safekeeping at a variety of Israeli Defence Force depots.

### **Inspection**

47. The Panel inspected a sampling of ammunition from the seized cargo (about 25 percent of the total) and made an extensive photographic record.

## **Findings**

48. Because the discovery of the shipment took place over 16 months ago and it had subsequently been dispersed, it was not possible for the Panel to carry out a complete verification of the cargo.
49. Some of the ammunitions on display, and some of the crates in which they were shipped, had Iranian markings such as “Ministry of Sepah” and IRGC logos. Labelling on packaging material showed that this originated in Iran. Dates indicated manufacture in 2008 and 2009.
50. Many of the ammunitions were similar in type and markings to those inspected by the Panel in Nigeria a few weeks earlier, following seizure by the Nigerian authorities of a separate shipment from Iran. According to Israeli authorities, Behineh Trading Co. of Tehran was an IRGC front company responsible for the Francop shipment.

## **Conclusion**

51. Based on the evidence available, the Panel concluded the Francop arms shipment was a violation by Iran of paragraph 5 of resolution 1747 (2007).

## **II. INCIDENTS REPORTED AFTER THE ADOPTION OF RESOLUTION 1929 (2010)**

### **EVEREST (NIGERIA)**

52. The Panel travelled to Nigeria on 17-21 February 2011 to carry out an inspection of ammunition hidden inside thirteen shipping containers intercepted by Nigerian authorities and reported to the Committee on 16 November 2010 (S/AC.50/2010/COMM.75).

### **Sequence of events**

53. The containers were shipped from Iran and off-loaded at Tin Can Port, Lagos on 15 July 2010. While in bond, the documented consignee was changed to the Gambia. Suspicions were raised leading to the seizure of the containers and inspection by Nigerian authorities on 26 of October 2010, revealing crates of ammunition hidden inside. Following the seizure, two Iranians took refuge in the Iranian Embassy and the Iranian Foreign Minister twice visited Nigeria to negotiate their return to Iran. He acknowledged that the arms originated in Iran. One of the Iranians was allowed to depart but the second was detained by the Nigerian authorities for trial.

### **Inspection**

54. The Panel was extensively briefed by authorities and carried out a complete inspection of two containers and opened and examined crates in each of the remaining eleven. An extensive photographic record was made. Copies were taken



of all available documents. The Panel met the local representative of the shipping line.

### **Findings**

55. The arms comprised about 240 tonnes of ammunition (107mm rockets, 60mm, 81mm and 120mm mortars shells, grenades and rounds of ammunition). No launchers were present. No markings indicating Iranian origin were present but packing materials carried the name of an Iranian company. The bill of lading and other documentation confirmed that the shipment was dispatched by Behineh Trading Co of Tehran (the same company as was responsible for the Francop (Israel) shipment. The Iranian who was allowed to leave Nigeria following the intervention of the Iranian Foreign Minister was thought to be a senior officer responsible for IRGC operations in West Africa. The second one is said to be also associated with IRGC.
56. The containers may have been brought to the attention of the Nigerian authorities by an intelligence tip-off. But a number of administrative errors were made by the Iranians and their Nigerian accomplices which may also have attracted the attention of the authorities.

### **Conclusion**

57. The arms shipment originated in Iran, as confirmed by the Iranian Foreign Minister and confirmed by documentary evidence, and was a violation by Iran of paragraph 5 of resolution 1747 (2007).

### **M/S FINLAND (ITALY)**

58. The Panel travelled to Italy on 14-16 March 2011 for briefings by Italian authorities and an inspection of a shipment seized at the Port of Gioia Tauro of illegal explosives hidden among a shipment of milk powder, and reported to the Committee on 23 November 2010 (S/AC.50/2010/COMM.76).

### **Sequence of events**

59. According to the bill of lading, which was issued on 27 August 2010, the container was originally loaded on the M/S Finland in Bandar Abbas on 6 August 2010. On 28 August 2010 the vessel arrived at Gioia Tauro and the suspect container was off-loaded. The container held 800 plastic sacks, 600 of them containing milk powder. At the center of the container, surrounded by the milk powder, were 200 sacks containing the explosive RDX (T4).

### **Inspection**

60. The Panel received detailed briefings from the State Police Forensic Laboratory and the Police Investigative Department of the Ministry of Interior regarding the seized explosives and forensic analysis undertaken at the State Police laboratory.

61. The Panel was informed at the Port of Gioia Tauro that, with the exception of the laboratory samples, all the RDX was destroyed on an order from regional prosecutors. The disposal of the explosives was carried out by the Italian Army. The container and milk powder cargo were sealed.

### **Findings**

62. The bill of lading identifies the shipper as Rahkaran Gham Co., No. 12, 3<sup>rd</sup> floor, No 102, South Iranshahr St., Tehran, Iran. The consignee according to the same document is Saleh Algaber Trading Co., Alkeswa Alsharierya, Damascus, Syria.
63. At the State Police Forensic Laboratory, the Panel was shown samples taken from the sacks of milk and explosives for laboratory analysis. Laboratory analysis established the samples to be pure RDX in white, crystalline form with water added as a stabilizing agent to render the explosive safe in transit. Italian authorities were unable to determine, on the basis of their forensic analysis the identity of the manufacturer of the RDX.

### **Conclusion**

64. The Panel's examination of the circumstances surrounding this shipment confirmed it to be a violation by Iran of paragraph 5 of resolution 1747 (2007).

## **KAL CARGO (REPUBLIC OF KOREA)**

65. The Panel travelled to Seoul on 12-13 April 2011 to gather, examine, and analyse information regarding the incident of non-compliance involving the interception and seizure of an air cargo containing rolls of phosphor bronze wire mesh that had been reported to the Committee by the Korean authorities on 15 February 2011 (S/AC.50/2011/COMM.13) and orally by China at a meeting of the Committee on 4 March 2011.

### **Sequence of events**

66. The shipment arrived at Seoul International Airport on 8 December 2010 on Korean Air Cargo from Tianjin (China) for transshipment to Istanbul (Turkey). Korean authorities, acting on intelligence information, directed that the cargo be held pending investigation. They sought additional information from China and Turkey as to the alleged end-user and origin of the cargo. And on 20 December 2010, they inspected the cargo.

### **Inspection**

67. The Panel inspected physically the three crates containing phosphor bronze wire mesh rolls at the Seoul's airport customs terminal on 12 April 2011. The Panel took photographs of the rolls and obtained the air waybill. Sample of the mesh will be sought from the Korean authorities for further study.

68. The ensuing investigation, with close cooperation of China and Turkey, revealed the consignee to be an Iranian, and traced to an Iranian company, Pentane Chemistry Industries (PCI).

### **Findings**

69. The three crates contained respectively 100, 98, and 90 rolls of 23.2 cm in width and varying length, averaging 30 meters. The mesh itself, wrapped in a brown paper, was pliable, with a fine weave of bright copper colour, with no indication of having been chemically treated for wettability. The measurements correspond to a likely use in a distillation column. The specific type of mesh indicates it is most likely for water distillation. This incident reflects an example of Iran procuring items below control thresholds that contribute to prohibited activity.

### **Conclusion**

70. Based on the physical examination of the mesh and initial consultations with the Republic of Korea, and consultations with technical experts, the Panel agrees with the conclusion of the Republic of Korea that the mesh, based on its shape, structure and absence of treatment for wettability, does not fall under the list of items in INFCIRC/254/Rev.7/Part 2. The Panel concludes that the mesh, when further fabricated, “could contribute to enrichment-related, reprocessing or heavy water-related activities,” as prohibited under paragraph 6 of resolution 1929 (2010).<sup>13</sup>

### **STX PATRAIKOS (SINGAPORE)**

71. The Panel travelled to Singapore on 26 April 2011 for briefings by Singaporean authorities and to inspect a shipment of aluminium powder seized at the port of Singapore and reported to the Committee on 26 January 2011 (S/AC.50/2011/COMM.5).

### **Sequence of events**

72. According to the report issued by Singapore and documentary information provided to the Panel, the shipment originated in Ningbo, China, and was to be shipped to Bandar Abbas, Iran, with the consignee identified as Takin Tejarat Omid Iranian. The STX Patraikos departed Ningbo on 23 September 2010 and arrived in Singapore on 30 September 2010. Acting on intelligence information, Singaporean authorities inspected and seized the cargo on 30 September 2010. The 302 drums were packed in a single container.

### **Inspection**

73. The Panel inspected and photographed the drums containing the aluminium powder. The potentially hazardous nature of the powder precluded Singaporean authorities

---

<sup>13</sup> By paragraph 13 of resolution 1929 (2010), the Security Council decided that the measures imposed by resolution 1737 (2006) would apply to the items contained in INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2 and to “any further items if the State determines that they could contribute to enrichment-related, reprocessing or heavy water-related activities.”

from opening the drums for a further physical inspection. The Panel was provided with photographs taken at the time of the seizure and laboratory analysis, which showed the contents of the drums. The Panel believes the drums it viewed in Singapore to be identical to those in the photographs provided by Singaporean authorities. The Panel obtained a number of important documents which were included with the original report to the Committee, including the shipment's bill of lading, the general manifest for the shipment, as well as a contract and invoice issued by the shipper, Zhejiang Bainianyin Industry & Trade Co., Ltd. On all documents the consignee is stated as Takin Tejarat Omid Iranian.

### **Findings**

74. On 11 March 2011, Singapore submitted to the Committee the results of laboratory analysis of the powder based on five samples from two drums. The analysis of all five samples showed that the particles were "mainly spherical in shape," smaller than 50 µm in size, and consisted of "100 percent by weight of aluminium." Singapore concluded that the powder is a "fuel controlled under 4.C.2.c of the Missile Technology Control Regime." This is contained in Security Council document S/2010/263, which lists items, materials, equipment, goods, and technology relevant to ballistic missile activity.
75. The Panel notes that there are commercial applications for fine aluminium powder, including coatings, paints and plastics. According to an expert in the area of ballistic missiles and fuel consulted by the Panel, the high aluminium content of this powder (stated as 100 percent) is an indication that its most likely end-use is solid propellant for missiles.

### **Conclusion**

76. The Panel's enquiry into this matter, including the stated end-user in Iran and its relationship to Iran's missile program, is ongoing.

## **III. OTHER REPORTED INCIDENTS AND PENDING INSPECTIONS**

### **YasAir Cargo (Turkey)**

77. Turkey reported to the Committee on 28 March 2011 that between 19-21 March 2011 they had inspected a YasAir Cargo Airlines transport aircraft at Diyarbakir Airport, Turkey (S/AC.50/2011/COMM.31). The aircraft had been en-route from Iran to Syria. Arms were found onboard in nineteen crates declared as "auto spare parts." They comprised 60 Kalshnikov rifles, 14 BKS (Bixi) machine guns, 7920 rounds of Kalashnikov ammunition, 560 60mm mortars and 1288 120mm mortars.

### **Victoria (Israel)**

78. Israel reported to the Committee on 28 March 2011 that on 15 March 2011 the Israeli Navy boarded the MV Victoria, which had originated its voyage in Latakia Port, Syria and was en route to Port of Alexandria, Egypt (S/AC.50/2011/COMM.30). Three crates of arms were found hidden inside shipping

containers, comprising 232 120mm mortars, 2280 60mm mortars, six NASR 1 (C 704) anti-ship missiles, two Kelvin Hughes radars, two control stations, two C 704 launchers and 66,240 rounds of 7.62mm ammunition. The arms had been unloaded at Ashdod Port in Israel and stored.

#### **International Security Assistance Force in Afghanistan**

79. United Kingdom reported to the Committee on 21 April 2011 that ISAF forces in Nimruz Province, Afghanistan, seized in February 2011 a shipment of ammunitions intended for the Taliban. The ammunitions comprised 48 122mm rockets and 1000 rounds of 7.62mm ammunition (S/AC.50/2011/COMM.47). The arms were supplied by the IRGC and originated in Iran.

#### **IV. OBSERVATIONS**

80. The Panel notes that in the case of one incident reported prior to resolution 1929 (2010), Monchegorsk (Cyprus), no invitation has been received. The Panel is expecting invitations to inspect the more recently reported incidents YasAir Cargo (Turkey) and ISAF Afghanistan, and is aware of media reports of other alleged incidents for which no report nor invitation has been received, as of now.
81. Finally, the Panel notes that the increasing number of invitations to inspect reported incidents has significant implications for the Panel's planned expenditures, in spite of careful planning. This situation will need to be taken into consideration when determining the Panel's future budget, in the event of mandate renewal.

#### **E. RECOMMENDATIONS REGARDING PANEL'S ACTIVITIES**

82. Given the low rate of reporting regarding the implementation of resolution 1929 (2010) and prior resolutions, the Panel recommends that the Security Council remind Member States of the mandatory nature of their obligations under resolutions. This could take the form of a meeting of the Security Council open to all Member States.
83. Given the overlapping nature of the reports requested from Member States under four resolutions, the Panel recommends that the Security Council mandate the Committee, with the support of the Panel, to initiate a process of streamlining, simplifying and enhancing the implementation reports submitted under all relevant resolutions.
84. As highlighted in some inspection reports, lack of resources, appropriate facilities and expertise can hamper the ability of some Member States to fulfil their obligations with respect to the disposal of seized items, some of which can be

hazardous; the Panel recommends that the Security Council consider forms of assistance to such States, including inter alia bilateral assistance and/or the creation of a voluntary assistance fund.

## PART II. ANALYSIS

### I. NUCLEAR AND MISSILE PROCUREMENT

#### NUCLEAR SECTION

##### A. INTRODUCTION

85. Resolution 1929 (2010) demands that Iran take the steps required by IAEA, inter alia, to “build confidence in the exclusively peaceful purpose of its nuclear programme.” It bars the supply, sale or transfer to Iran of sensitive nuclear materials and technology, including all items listed in INFCIRC/254/Rev.9/Part 1<sup>14</sup> as well as the dual-use items contained in INFCIRC/254/Rev.7/Part 2, with the exception of those items specified in paragraph 5 of resolution 1737 (2006)). It expressly prohibits Iran’s acquisition of technology related to ballistic missiles capable of delivering nuclear weapons.<sup>15</sup> It also decides that Iran shall not acquire an interest in any commercial activity in another State involving uranium mining, production or use of nuclear materials or ballistic missiles.
86. IAEA reports address in detail the current status of Iran’s nuclear program, and highlight Iran’s ongoing failure to suspend enrichment and heavy water-related activities and to cooperate with the IAEA in resolving outstanding questions, particularly those related to research and development activities with military applications.<sup>16</sup> In brief, the Director-General concluded in his most recent report that “[w]hile the Agency continues to verify the non-diversion of declared nuclear material at the nuclear facilities and LOFs<sup>17</sup> declared by Iran under its Safeguards Agreement, Iran is not providing the necessary cooperation to enable the Agency to provide credible assurance about the absence of undeclared nuclear material and activities in Iran, and therefore to conclude that all nuclear material in Iran is in peaceful activities.”<sup>18</sup>

---

<sup>14</sup> This is also referred to as Part 1 of the Nuclear Suppliers Group Guidelines, or the so-called trigger list.

<sup>15</sup> Paragraph 13 of Resolution 1929 (2010) updates the provisions of earlier resolutions with respect to both so-called Trigger List items and dual use items. The resolution states that “measures specified in paragraphs 3, 4, 5, 6 and 7 of resolution 1737 (2006), the list of items in S/2006/814 shall be superseded by the list of items in INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2, and any further items if the State determines that they could contribute to enrichment-related, reprocessing or heavy water-related activities or to the development of nuclear weapon delivery systems...” The Dual-Use list, INFCIRC/254/Part 2, was subsequently updated in June 2010. The current list is now contained in INFCIRC/254/Rev.8/Part 2.

<sup>16</sup> GOV/2011/7 of 25 February 2011, GOV/2010/62 of 23 November 2010 and previous reports.

<sup>17</sup> LOF stands for Location Outside Facilities.

<sup>18</sup> Paragraph 47, GOV/2011/7, “Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran,” 25 February 2011.

87. The Panel's focus has been to identify challenges or obstacles to the full implementation of the sanctions contained in resolution 1929 (2010) and prior resolutions, in particular Iran's continued efforts to procure necessary items for prohibited nuclear activities that cannot be produced indigenously in sufficient quantities or quality to sustain Iran's current and planned uranium enrichment and heavy water-related activities. This report draws from consultations with multiple Governments and international organizations as well as discussions with experts in assessing these challenges.

## **B. ANALYSIS**

### **Uranium Enrichment Activity**

88. Iran requires a wide variety of both controlled and uncontrolled items to support its continuing nuclear activities. With respect to uranium enrichment, the Panel has acquired from several Member States information regarding some of the more critical items that are necessary to sustain and advance Iran's gas centrifuge enrichment program, many of which are difficult for Iran to produce indigenously. Some of these, known as choke point items, are only partially controlled on the Nuclear Suppliers Group lists or fall below thresholds for controlled items, but can be modified for use in the nuclear program. According to an official of the Zangger Committee, 90 percent of Iran's procurement falls below controlled thresholds. Choke point items are reflected in Table 1.

### **Heavy Water-Related Activity**

89. It should be noted that the area of heavy water-related activity is an especially opaque one in Iran, relative to uranium enrichment, which is under safeguards by the IAEA. Under Iran's current interpretation of its safeguards obligations, the IAEA does not have access to Iran's heavy water production plant or the heavy water in storage at Iran's uranium conversion facility.<sup>19</sup>
90. The Panel has investigated one case of attempted procurement involving material that could be relevant to Iran's heavy water production or operation of the heavy water reactor. The incident highlights the importance of vigilance and careful monitoring of catch-all provisions involving items that fall below the thresholds stipulated in control lists, but which still could contribute to prohibited nuclear-related activity. A review of this inspection and the Panel's findings is contained in paragraphs 65-70.

---

<sup>19</sup> Paragraphs 26-29, GOV/2011/7, IAEA report of 25 February 2011.



**Table 1. Critical items for gas centrifuge enrichment**

Item	Function
<i>Flow-forming machines</i>	These machines are essential for the production of metal rotor tubes for gas centrifuges.
<i>Maraging steel</i>	Maraging steel is used in the production of centrifuge rotor tubes, bellows, end caps and baffles. It is especially suited to the high performance demands of rapidly spinning centrifuges.
<i>Fibrous or filamentary materials</i>	Carbon fibre is used in more modern centrifuges; rotors made with carbon fibre, such as the ones Iran is currently developing, are able to spin faster than those made with maraging steel.
<i>Filament winding machines</i>	Iran's procurement of these machines would advance its ability to manufacture carbon fibre rotor tubes.
<i>High strength aluminium alloys</i>	High strength aluminium is used in the production of centrifuge rotor tubes, end caps and baffles.
<i>Frequency changers or inverters</i>	Inverters are necessary to regulate the supply of power to centrifuges.
<i>Bellows-sealed valves</i>	These valves are necessary for Iran's construction and operation of its gas centrifuge cascade piping systems.
<i>Magnetic alloys in thin strip form</i> <sup>20</sup>	This magnetic material is used in construction of the gas centrifuge drive motor.
<i>Perfluorinated lubricants</i>	These lubricants, which are resistant to uranium hexafluoride (UF <sub>6</sub> ) are necessary in gas centrifuge plant vacuum pumps and other equipment.
<i>Ring magnets</i>	Ring magnets are essential component parts of the upper bearing/suspension assembly in Iran's gas centrifuges.

## Uranium Mining

91. Although Iran has ample supply of uranium hexafluoride for its current level of enrichment activity,<sup>21</sup> and continues its effort to explore and produce uranium on a small scale from its indigenous uranium ore reserves,<sup>22</sup> it is believed to be coming close to exhausting its supply of uranium oxide.<sup>23</sup> Iran may therefore be seeking additional supplies of natural uranium, both for its planned heavy water reactor at Arak, which is fuelled with natural uranium, or any significant expansion of its ongoing enrichment activity.

<sup>20</sup> These, as well as perfluorinated lubricants and ring magnets are not contained in the control lists referenced in resolution 1929 (2010) but are nevertheless important to Iran's gas centrifuge program.

<sup>21</sup> According to IAEA reports, Iran has produced 371 tonnes of uranium hexafluoride (UF<sub>6</sub>) since beginning operation of its uranium conversion facility at Esfahan in March 2004. It has introduced approximately 35 tonnes (35,000 kg) of UF<sub>6</sub> into its centrifuges since the start of enrichment activity in February 2007 (See paragraphs 9 and 32 of 25 February 2011 IAEA report, GOV/2011/7). At current rates of consumption, which on average amount to approximately 1200 kg of UF<sub>6</sub> per month, the remaining 336 tonnes of UF<sub>6</sub> is sufficient for more than 20 years.

<sup>22</sup> OECD-IAEA, Uranium 2009: Resources, Production and Demand, Note that the report is based in part on answers to questionnaires submitted to the IAEA and OECD on a voluntary basis. This report also points out that Iran is among several current or potential uranium producing countries that did not report projected production capabilities.

<sup>23</sup> The IAEA reports that Iran acquired in 1982 "531 t of natural U<sub>3</sub>O<sub>8</sub> concentrate, and reported to the Agency in 1990." See GOV/2004/83 of 15 November 2004.

92. Iran is also believed to be seeking new sources of uranium ore to supply its enrichment efforts. Member States have informed the Panel that emerging suppliers, some in Africa, are potential targets for attempted acquisition by Iran. The Panel is not aware of any confirmed cases of actual transfers. One Member State with significant uranium exports informed the Panel that the world's largest and most established uranium exporters, including Australia and Canada have strict controls on any transfers. In the case of Australia, uranium exports require both a bilateral nuclear cooperation agreement with the recipient country and ratification of the IAEA's Additional Protocol. Australia also has restrictions on re-transfers of uranium ore, which require bilateral nuclear cooperation agreements as well.
93. There are a number of emerging suppliers of uranium, however, which may not have such stringent controls. According to a 2009 joint report by the OECD's Nuclear Energy Agency and IAEA, uranium exploration and mining development activities are underway in a number of countries.<sup>24</sup> Many of these countries may not have export control requirements for uranium exports, in particular the need for nuclear cooperation agreements and ratification of the Additional protocol, which are maintained by Australia. They may also have inadequate internal controls, making their uranium reserves vulnerable to exploitation without sufficient Government oversight.

#### **Procurement priorities**

94. The Panel has observed in its consultations that Iran is increasingly seeking technologies and know-how to improve its indigenous production capabilities in the nuclear area. These are not items found on specific control lists, as discussed further below, but that improve Iran's ability to produce controlled items indigenously.
95. From its consultations with Member States and experts, the Panel has observed that:
- Iran is seeking to procure equipment and technology that fall below the thresholds for listed items, but which are still useful, in an effort to evade sanctions while maintaining its nuclear activities.
  - Iran continues to seek items from established, high-quality suppliers based in countries with well-developed export control systems. In order to evade detection, Iran may place orders in jurisdictions with inadequate export control systems or insufficient enforcement through front companies acting on its behalf, which are willing to re-export the controlled items to Iran.
  - This practice highlights the need for rigorous end-user checks and vigilance to the risk of re-export on the part of all exporters. Procurement agents working on behalf of the nuclear programme are attempting to acquire a wide range of items that may not correspond with Iran's current needs, and are perhaps in anticipation of future demand or potential shortages.
  - Resolution 1929 (2010) draws a potential connection between Iran's oil and gas sector and procurement for proscribed activities, noting the concern of many Member States that equipment required for the petrochemical industry has much

---

<sup>24</sup> OECD-IAEA, *Uranium 2009: Resources, Production and Demand*, Note that the report is based in part on answers to questionnaires submitted to the IAEA and OECD on a voluntary basis.

in common with that required for nuclear fuel cycle activities. Some of this equipment is included in the list of items in Table 1. Other dual-use items important to both the petro-chemical sector and Iran's nuclear programme include gasket materials and O-rings, cooling systems and heat exchangers, liquid nitrogen, uninterrupted power supply (UPS) units, valves, piping, fittings, tanks and vessels. One Member State provided the Panel with information concerning two Iranian companies that have supported both Iran's petrochemical industry and have also attempted to procure equipment for Iran's heavy water-related activities.<sup>25</sup>

96. As described in paragraphs 65-70, the Panel has inspected one reported incident involving the attempted procurement of nuclear-related dual use equipment, in this case a shipment of phosphor bronze wire mesh which has applications for Iran's heavy water activities. It is difficult on the basis of a single reported incident to develop a comprehensive picture of Iran's procurement strategies and methods for circumventing sanctions. However, this incident does reinforce information the Panel has received from Member States attesting to Iran's continued illicit procurement of items that fall just below control thresholds and that can be further fabricated by Iran for applications in prohibited nuclear activity.
97. Though not reported to the Committee by the relevant Member State, the Panel is aware of a recent case in which national authorities successfully prosecuted an individual for the attempted export of technology relevant to Iran's nuclear program. In this incident, which took place between 2008 and 2009, an Iranian company issued orders for controlled items through an individual abroad, among them for pressure transducers, which were to be shipped to one country and later re-exported to Iran. Pressure transducers are a dual-use item with applications for centrifuge operations.<sup>26</sup> Iran is barred from acquiring items on the dual-use list maintained by the Nuclear Suppliers Group if a State "determines that they could contribute to enrichment-related, reprocessing or heavy water-related activities." National authorities convicted the individual involved in the attempted exports of violating both the country's export control laws and its United Nations Act.

## C. CONCLUSIONS

98. Sanctions are slowing Iran's nuclear programme but not yet having an impact on the decision calculus of its leadership with respect to halting uranium enrichment and heavy water-related activities. Iran is seeking to procure equipment and technology that fall below the thresholds for listed items, but which could be used to evade

---

<sup>25</sup> According to this information, Iran used a company known as Kala Ltd. From 1999 to 2003, a London-based subsidiary of the National Iranian Oil Company (NIOC), in order to procure equipment for Iran's heavy water production facility in Arak. Since 2001, the Iranian company Marou Sanat Engineering Company has attempted to procure equipment for Iran's heavy water production plant and the IR-40 heavy water research reactor, in addition to supporting firms in Iran's petrochemical industry.

<sup>26</sup> They are listed in Part 2 of the NSG lists; INFCIRC/254/Rev.7/2a, Annex 3.A.7.

sanctions while maintaining its nuclear activities. The phosphor bronze wire mesh case is an example of this.

99. Two incidents, one of which reported to the Committee, illustrate Iran's ongoing efforts to acquire the materials necessary for its nuclear program, in contravention of Security Council resolutions, and its reliance on front companies or procurement agents to do so.
100. Although Iran's existing stockpile of converted uranium is sufficient for its current level of enrichment activity, this is likely to change with expanded enrichment, as envisioned by Iran, or with the completion of a reactor using natural uranium as fuel. Iran's need for uranium ore may lead it toward emerging suppliers without established procedures for the control of uranium ore, as some reports have already indicated.

## MISSILE SECTION

### A. INTRODUCTION

101. Paragraph 9 of resolution 1929 (2010) states that Iran "shall not undertake any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology, and that States shall take all necessary measures to prevent the transfer of technology or technical assistance to Iran related to such activities." In addition, by paragraph 7, the Security Council "[d]ecides that Iran shall not acquire an interest in any commercial activity in another State involving [...] technology related to ballistic missiles capable of delivering nuclear weapons."<sup>27</sup>
102. IAEA reports on the implementation of safeguards in Iran have repeatedly expressed concerns regarding research by Iran that includes "activities related to development of nuclear payload of a missile."<sup>28</sup>
103. The Panel, in fulfilment of its mandate set forth in paragraph 29 of resolution 1929 (2010), gathered, examined and analyzed information from Member States, relevant international and regional organizations and other sources on the effective implementation of sanctions related to Iran's prohibited ballistic missile activities. The Panel also undertook an inspection of a single reported incident of non-compliance, discussed in more detail in paragraphs 71-76.

---

<sup>27</sup> Ballistic missile is a "weapon-delivery vehicle that has a ballistic trajectory over most of its flight path". Source: Report of the Secretary-General on the issue of missiles in all its aspects, dated 23 July 2002 (A/57/229).

<sup>28</sup> Source: Reports of the Director-General of IAEA (GOV/2008/38, GOV/2009/55, GOV/2010/10, GOV/2010/46, GOV/2010/62, GOV.2011/7).

## B. BACKGROUND

104. According to Member States and published reports, Iran maintains the largest and most diverse ballistic missile arsenal in the Middle East.<sup>29</sup> Iran initiated its missile programme with acquisitions from foreign suppliers, in particular the Democratic People's Republic of Korea. The exact number of missiles in Iran's arsenal, including both indigenously produced and foreign procured, is unclear. There is widespread consensus that Iran has acquired and effectively adapted foreign technology to improve the quality and quantity of its missile arsenal.

105. The strategic missiles forces in Iran are controlled by the Air Force of IRGC. The Aerospace Agency, a subsidiary of Iran's Ministry of Defence, coordinates Iran's ballistic missile program. It controls the work of Shahid Hemmat Industrial Group (SHIG), which is responsible for the production of liquid-fueled rockets, and the Shahid Bakeri Industrial Group (SBIG), which oversees production of solid-propellant rockets, as well as Fajr Industrial group and a number of other groups covering chemical, dual-use ballistic missile related activities.

### **Iran's ballistic missile arsenal**

106. The Panel notes that the following is not intended to be an exhaustive accounting of all missile types, but a discussion of the most prominent in Iran's arsenal.

#### *Liquid propellant missiles*

107. **Shahab 1 and 2:** These missiles were acquired in large numbers from the Democratic People's Republic of Korea and are based on Soviet Scud B and Scud C, as modified by Iran. With assistance from the Democratic People's Republic of Korea, Iran has likely established Shahab missile assembly facilities, which can produce these missiles using imported components. The Qiam missile, which appears to be a modified Shahab 2 was tested on 20 August 2010. The Shahab 1, Shahab 2 and Qiam missiles are liquid propellant systems that vary in range from 300 km, in the case of the Shahab 1, to approximately 500 km for the Shahab 2 and Qiam.

108. **Shahab 3:** Imported from the Democratic People's Republic of Korea, the Shahab 3 is a liquid-propellant missile based on the No-dong system. The Shabab 3 has a range of approximately 900 km.

109. **Ghadr:** This missile is a modification of the Shahab 3 missile. It carries a smaller payload, includes an aluminum airframe, has an improved guidance system and uses a triconic aeroshell geometry that provides greater aerodynamic stability. With the lighter payload, the Ghadr has a range of approximately 1600 km.

---

<sup>29</sup> International Institute for Strategic Studies (IISS), "Iran's Ballistic Missile Capabilities: A Net Assessment," London, 7 May 2010. Panel notes that Israel has more sophisticated ballistic missiles, but fewer in number and type.

*Solid propellant missiles*

110. **Fateh 110:** The Fateh 110, with a range of about 200 km, includes a simple guidance and control system that provides stable orientation during the boost phase of flight to improve accuracy.
111. **Sejil 1 and 2/Sajjil/Ashura:** The Sejil is a solid propellant missile with a range of approximately 2,000 km. Iran announced development of this missile in November 2007; the announcement was accompanied by an unsuccessful test of the Ashura missile. The missile, renamed the Sejil/Sajjil, was tested successfully in November 2008. Subsequent tests of the Sejil or a modified version of the missile (Sejil 2) took place in May, September and December 2009, and February 2011. Experts note that Iran is the only country to have developed a missile with the Sejil's capability, in terms of range and payload, without first having developed a nuclear weapon. Iran's success with the development of the Sejil indicates that it can produce a "multi-stage, aerodynamically stable, guided, solid-propellant missile."<sup>30</sup>
112. Both the modified Shahab 3 and Sejil 2 are believed to be nuclear capable ballistic missiles.

**Missile launches following the adoption of resolution 1929 (2010)**

113. The following missile launches were publicly announced or confirmed by Iran. In two cases information regarding the launch was provided by a Member State:
- 20 August 2010: Qiam
  - 25 August 2010: Fateh 110
  - October 2010: Sejil/Ashura<sup>31</sup>
  - February 2011: Khalij-Fasr (variant of Fateh 110), Shahab 3 and Sejil<sup>32</sup>

**C. ANALYSIS**

114. There are conflicting views regarding the impact of sanctions on Iran's missile program, with some experts and Member States highlighting Iran's continued missile launches, which reflect advancing capabilities, and others noting that Iran remains dependent on foreign suppliers for key materials, the supply of which is uncertain under sanctions. Unlike the IAEA in the case of Iran's nuclear programme, there is no access and subsequent reporting by an international organization or State to Iranian missile facilities and subsequent reporting by an international organization or Member State. Most assessments of Iran's ballistic missile activities are based on its missile launches, analysis of procurement efforts, and intelligence information gathered by Member States. The following preliminary analysis by the Panel is based on consultations with Member States and experts.

---

<sup>30</sup> IISS Report, p. 110.

<sup>31</sup> The Panel was informed of this launch by a Member State.

<sup>32</sup> The Panel was informed of the launch of the Sejil in February 2011 by a Member State.

## I. MISSILE DEVELOPMENT AND PRODUCTION

### **Solid and liquid propellant fuel production**

115. Member States and experts note that Iran is self-sufficient in the production of solid propellant fuel, though as evidenced in a reported case involving the procurement of aluminium powder, it relies on foreign suppliers for some key materials. There is less certainty regarding Iran's ability to produce engines for liquid-propellant missiles fully indigenously. Solid propellant missiles offer some advantages over liquid fuelled missiles by requiring less time for launch. They are more easily deployed on mobile launchers.

116. As discussed in paragraphs 71-76 the Panel conducted an inspection on 26 April 2011 of an interdicted shipment of 18 tons of aluminium powder. Laboratory analysis completed by the Government of Singapore concluded the powder to be controlled fuel described in S/2010/263, which lists items, materials, equipment, goods and technology related to ballistic missile programmes in which Iran is prohibited to undertake any activities. This quantity of aluminium powder would yield approximately 100 tons of rocket propellant, or enough for the production of approximately 50 systems.<sup>33</sup> The incident highlights Iran's reliance on foreign procurement of material for the production of solid propellant fuel.

### **Missile assembly and production facilities**

117. Iran claims that it produces Shahab 1 and 2 missiles indigenously, for both domestic use and export. Its production of the Shahab 3, however requires some imported components including guidance systems, liquid-propellant engines and telemetry equipment. Experts also note that the performance of the Shahab 1, for example, mirrors closely its Soviet-era Scud counterpart, indicating that it may continue to rely upon imported engines and critical components. Iran currently is not said to possess a fully indigenous liquid-propellant engine production line.

118. Iran's production of solid propellant-fuelled missiles is similarly a mix of indigenous and foreign procurement. It is reported to be years away from being able to serially produce large solid propellant-fuelled missile engines, and relies for its current production on imported infrastructure acquired in the late 1990s or early 2000s. It is in this area that sanctions may be slowing Iran's ability to acquire the high quality components that it requires for advancing its capabilities.

### **Nuclear payload for re-entry vehicle**

119. At the center of concerns over Iran's developing missile capabilities is the question of whether and to what extent Iran has undertaken work on systems necessary for the delivery of a nuclear payload. The Panel is not in a position to assess IAEA reports independently, but notes that the Agency has repeatedly highlighted a number of concerns to Member States in this area. In its most recent report to the Security Council, the IAEA states that based on its "continued study of information

---

<sup>33</sup> This calculation is based on the fueling requirements of the Fateh and Zelzal missiles.

which the Agency has acquired, not only from many Member States but also directly through its own efforts, the Agency remains concerned about the possible existence in Iran of past or current undisclosed nuclear related activities involving military related organizations, including activities related to the development of a nuclear payload for a missile.”<sup>34</sup>

120. The IAEA has raised concerns regarding Iran’s alleged research and development into the following areas:<sup>35</sup>

- Neutron generation and associated diagnostics
- High explosives manufacturing and testing
- Exploding bridgewire detonator studies, particularly involving applications necessitating high simultaneity
- Multipoint explosive initiation and hemispherical detonation studies involving highly instrumented experiments
- High voltage firing equipment and instrumentation for explosives testing over long distances and possibly underground
- Missile re-entry vehicle redesign activities for a new payload are suspected to have nuclear dimension.

## II. PROCUREMENT PRIORITIES

121. According to Member States consulted by the Panel, Iran is seeking to procure the following equipment in support of its ballistic missile activities:

- New or used dual-use equipment that falls below established control thresholds;
- A wide range of sophisticated, precise manufacturing, and testing equipment and machinery. These will allow Iran to produce indigenously materials, spare parts and systems increasing the quality and effectiveness of its missiles. These are generally controlled through national export control measures. Specific equipment is listed in Table 2.

122. Iran is seeking complete navigation guidance units, which it is believed to be incapable of producing indigenously, including gyroscopes and accelerometers. Although Iran produces some gyroscopes, they are not yet sophisticated enough to deploy in guided missiles. Other necessary imports include testing and satellite navigation equipment, control systems, tracking telemetry equipment, transmitters, receivers, on-board sensors and transducers.

123. The use of high quality production materials is one way to improve the effectiveness and precision of ballistic missiles. Iran shows great interest for procurement a number of items described in Table 3.

---

<sup>34</sup> Source: Reports of the Director-General of IAEA (GOV/2008/38, GOV/2009/55, GOV/2010/10, GOV/2010/46, GOV/2010/62, and GOV.2011/7).

<sup>35</sup> Source: Report of the Director-General of IAEA (GOV.2011/7, Attachment, paragraph 3).



**Table 2. Dual-use equipment**

<b>Equipment</b>	<b>Function</b>
<i>Computer numerical control systems</i>	These systems are used for production of motor cases or pressure vessels
<i>High-temp vacuum furnaces</i>	Though not controlled, they can be used for annealing and brazing processes in missile production facilities.
<i>Vibration test equipment</i>	It is part of production and assembly facilities.
<i>Mixers, ovens, and others</i>	This equipment is used for fuel production.
<i>High-pressure tanks or turbopumps (include the tanks themselves, servo valves, and feed lines)</i>	These force liquid or slurry propellant from fuel and oxidizer tanks into the combustion chamber at high pressure.
<i>Equipment for production of structural composites (filament winding machines)</i>	It is used for production of rocket motor cases, propellant tanks, pressure vessels, and payload shrouds.
<i>Flow-forming machines</i>	They are used in heavy duty manufacturing to make parts to precision dimensions, in particular to make rocket motor cases, end domes, and nozzles. Also used to fabricate combustion chambers for liquid propellant engines.
<i>Multi-directional, multi-dimensional weaving machines</i>	These machines are used to make re-entry vehicle heat shields, exit nozzles, igniters and other parts exposed to high temperatures.

**Table 3. Dual-use materials**

<b>Item</b>	<b>Function</b>
<i>Carbon-carbon materials</i>	Materials are used for production of motor exit cones and nozzles, and reentry vehicles nosetips, heat shields and leading edges of control surface (high temperature resistance)
<i>Structural materials (composites laminates)</i>	Materials are used for production of solid motor cases, interstages, wings, inlets, nozzles, heat shields, nosetips, structural members, and frames.
<i>Polymeric substances</i>	Substances are used for production of fuel for solid propellant rockets.
<i>Ammonium perchlorate</i>	Oxidizing agent is used by most modern solid-propellant formulas.
<i>Aluminum powder</i>	It is most commonly used fuel component of composite propellants in solid rocket motors.

### III. RELATED ISSUES

#### BM-25

124. Two Member States shared with the Panel their assessment that Iran received a shipment of 19 BM-25 missiles from the Democratic People's Republic of Korea in semi-knock down and complete knock down kits. This missile has not been seen publicly in Iran and has not been tested. It has a reported range of 3500 km and is based on a Soviet-era submarine launched ballistic missile known as the R-27. This missile's role in Iran's programme is not yet clear and some experts have raised questions about the presence in Iran of the missile.

### **Space launch vehicle program**

125. Space launch and ballistic missile programmes need similar materials and technology. Iran has, and continues to improve its space launch capabilities, which may help Iran gain experience in developing powerful booster rockets that are necessary for longer range missiles. On 2 February 2009, Iran successfully launched the Safir rocket, which placed the Omid satellite into low-earth orbit.<sup>36</sup> In February 2010, Iran unveiled the Simorgh launch vehicle. Both demonstrate Iran's rapidly developing capabilities in this area.

### **D. CONCLUSION**

126. Iran continues to maintain and develop a diverse and highly operational arsenal of ballistic missiles. It is reliant upon foreign procurement of critical and dual use items, as illustrated in the recent reported case of 18 tons of aluminium powder. Iran's procurement activities are constrained by sanctions, though the degree to which these are having an effect is difficult to measure, as Iran continues to test ballistic missiles and undertake research and development activities.

## **RECOMMENDATIONS FOR NUCLEAR AND MISSILE SECTIONS**

127. The Security Council should encourage Member States to report incidents of attempted procurement of prohibited ballistic missile and nuclear-related items and technology by Iran, in particular if the attempted procurement has been identified or prosecuted by national or local law enforcement authorities. Such incidents provide the Panel with necessary information regarding both patterns of procurement and methods of sanctions circumvention.

128. The Security Council should encourage Member States to take particular care with end-user checks during the licensing process of sensitive dual-use items. Special attention should be paid to these items, including those used in Iran's petrochemical sector that could have applications to prohibited nuclear and ballistic missile activities. Member States should also remain vigilant to the possibility of re-transfer/re-export of key items.

129. The Committee, with the assistance of the Panel, should make publicly available via its website, national lists of critical items, as determined by Member States, related to procurement for prohibited nuclear and ballistic missile activities.

---

<sup>36</sup> One Member State informed that Panel that elements of the BM-25 design, specifically the vernier control engines, have been successfully demonstrated in the second stage of Iran's Safir space launch vehicle which launched the Omid satellite in February 2009.

130. The Security Council should recommend to all potential uranium suppliers to Iran that basic standards for material control and accounting be established, and that formal bilateral nuclear cooperation agreements be required. This would not apply to uranium contained in fuel elements for light water reactors.

## **II. CONVENTIONAL ARMS AND RELATED MATERIEL**

### **A. INTRODUCTION**

131. Iran is prohibited under paragraph 5 of resolution 1747 (2007) to “supply, sell or transfer directly or indirectly from its territory or by its nationals or using its flag vessels or aircraft any arms or related materiel, and that all States shall prohibit the procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran.” The paragraph also stipulates that Member States are prohibited from “procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran.”
132. Member States are required under paragraph 8 of resolution 1929 (2010) to prevent the “direct or indirect supply, sale or transfer to Iran any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register of Conventional Arms, or related materiel, including spare parts, or items as determined by the Security Council or the Committee. Member States are further prohibited from supplying Iran with relevant training and financing, and are called upon to exercise “vigilance and restraint” over the supply of all arms and related materiel.

### **B. BACKGROUND**

133. As stated in its Interim Report to the Committee and in paragraph 31 of the Panel’s Programme of Work, the Panel has focused its work on the investigation of a number of reported incidents involving transfers of arms or related materiel by Iran in violation of the provisions of paragraph 5 of resolution 1747 (2007). A number of incidents concerning conventional arms and related materiel were reported to the Committee by Member States (see Table 4).
134. The Panel has completed inspections of the following reported incidents: Hansa India (Malta), Everest (Nigeria), Francop (Israel), and M/S Finland (Italy). These are described above in Part I – Section D. Inspections of the recent incidents reported by Israel, Turkey, and ISAF/United Kingdom are pending.

**Table 4. Reported incidents involving conventional arms and related materiel**

<b>Incident</b>	<b>Reporting State</b>	<b>Report Number and Date</b>	<b>Seized Items as Reported by States</b>
Derailment	Turkey	S/AC.50/2007/COMM.154 27 June 2007	A number of shells, smoke grenades, and other types of ammunition (in 2 containers)
Monchegorsk	Cyprus	S/AC.50/2009/COMM.5 3 February 2009	Assorted explosive ordnance (in 36 containers)
<i>Hansa India</i>	<i>Germany</i>	<i>S/AC.50/2009/COMM.20 15 October 2009</i>	<i>Bullet casings and blank disks (in 8 containers)</i>
	<i>Malta</i>	<i>S/AC.50/2009/COMM.21 16 October 2009</i>	
<i>Francop</i>	<i>Israel</i>	<i>S/AC.50/2009/COMM.25 18 November 2009</i>	<i>Ammunitions and weapons of all types except for NBC weapons (in 36 containers)</i>
<i>Everest</i>	<i>Nigeria</i>	<i>S/AC.50/2010/COMM.75 12 November 2010</i>	<i>Ammunitions of various types and calibre, including 7.62mm bullet or 20mm canon (in 13 containers)</i>
<i>Finland</i>	<i>Italy</i>	<i>S/AC.50/2010/COMM.76 23 November 2010</i>	<i>High explosives (in a container)</i>
YasAir Cargo	Turkey	S/AC.50/2011/COMM.31 28 March 2011	Ammunitions and weapons including rifles, machine guns and their ammunitions (in 19 wooden crates)
Victoria	Israel	S/AC.50/2011/COMM.30 28 March 2011	Iranian-manufactured launchers and ammunitions originating from Syria and destined for Egypt (in 3 containers)
ISAF Afghanistan	United Kingdom	S/AC.50/2011/COMM.47 25 April 2011	Ammunitions and weapons including Nasr 1 anti-ship missiles and their launchers (in 3 containers)

\*Incidents in italics have been inspected by the Panel

## C. ANALYSIS

### Arms and related materiel

135. All of the incidents inspected thus far by the Panel fall under the “related materiel” provisions of paragraph 5 of resolution 1747 (2007). The Panel understands “related materiel” to include ammunitions, explosives, and other items required to make a complete weapons system. Annex I contains a chart of ammunition and other items organized by type. Annex II shows the shippers and recipients of some of the reported incidents.

136. The definition of “related materiel” in the case of conventional arms can be contentious. Although the United Nations Register of Conventional Arms provides a framework for the categorization of arms, additional work is still necessary on the term “related materiel.” United Nations protocols, including the United Nations Protocol against the Illicit Manufacturing of and Trafficking in Firearms<sup>37</sup> clarify

<sup>37</sup> Other protocols and United Nations treaties addressing the issue of arms and related materiel include the Convention on Certain Conventional Weapons (CCW), also known as the Inhumane Weapons Convention,

the issue, and several regional intergovernmental organizations have developed guidelines, protocols and conventions for the transfer of small arms, ammunition and related materiel. All could help to resolve ambiguities that might arise in this area of interpretation of resolution 1929 (2010).

137. A majority of the containers inspected by the Panel contain ammunition.<sup>38</sup> The ammunition and items inspected by the Panel fall under the following categories:
- **Conventional arms and related materiel** include all types of ammunition, such as small arms and light weapons ammunitions, artillery shells, mortars, rockets, bombs and fuzes, etc. A recent reported incident, however, includes light weapons, launchers, and anti-ship missiles with a command and control unit.
  - **Explosives, metallic bullet casings, and blank discs.** The Panel notes that the explosives (RDX), casings and discs have both military and civilian applications and are therefore separated from the ammunition. It also noted that RDX was initially developed for military application. The casings and discs can be used to produce bullets and other types of small caliber ammunitions.

### **Iranian origin**

138. In each of the cases investigated by the Panel, there is clear documentary and physical evidence pointing to Iran as the origin of the intercepted cargo. These include bills of lading, shipping companies and individuals named in relevant documents. In some cases, the items used to conceal the shipments bore Iranian markings further substantiating Iran as the country of origin. The Panel has not been in contact with Iranian authorities regarding any of the entities named.

### **Iran's weapons production**

139. The Defense Industries Organisation (DIO), affiliated to the Iranian Ministry of Defence and Armed Forces Logistics, is a well established weapons manufacturer.<sup>39</sup> Some of the reported incidents inspected by the Panel included ammunition that matches items found on the DIO catalogue, for example, AZ111A2 fuze for high explosive mortar bombs, found in the Francop (Israel) and M/S Everest (Nigeria) shipments.

### **Iran's weapons imports**

140. Within the period covered by this report, there have been no reported incidents of transfer of arms to Iran as described in paragraph 8 of resolution 1929 (2010), including of battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register of Conventional Arms. The Panel notes however that an interdicted shipment of rocket propelled grenades and trigger mechanisms was reported to be destined for Bandar Abbas, Iran (S/2010/571,

---

the Convention on Cluster Munitions, the ECOWAS Convention on Small Arms and Light Weapons, their Ammunition and Other Related Materiel, and the Landmine Treaty.

<sup>38</sup> See Annexes I and III.

<sup>39</sup> DIO publishes weapons-related items for sale on its website at [www.diomil.ir](http://www.diomil.ir).

paragraph 61). A further shipment of rockets, grenades and missiles was reported to be consigned for the Top Energy Institute in Iran (S/2010/571, paragraph 64). Both shipments originated in the Democratic People's Republic of Korea.

#### **Methods of concealment**

141. Several of the reported incidents involved attempts by Iran to physically conceal shipments from routine inspection or surveillance, and to provide false information on shipping documents. While the physical concealment was not sophisticated, it was adequate to prevent detection in the absence of specific intelligence followed by the thorough inspection of the containers.
142. The cases involving shipments seized by Nigeria (Everest), Italy (M/S Finland), and Israel (Francop) all involved efforts by Iran to physically conceal the ammunition and to falsify the shipping documents. In the Everest (Nigeria) case, the Panel observed several crates of marble slabs placed in front of the crates containing ammunition and surrounded by panels of glass wool. In the Francop (Israel) case, the items were concealed behind sacks of polyethylene pellets. In Italy, explosive powder in sacks was hidden among sacks of powdered milk. Both sacks of milk and explosive powder were packaged in the same outer casing materials. In the absence of a thorough physical inspection or X-Ray scanning, it would have been impossible to detect the concealed items.

#### **Iran's activities in the Middle East and Africa**

143. Syria is the stated destination of six out of the nine incidents of conventional arms transfers reported to the Committee. The Government of the Syrian Arab Republic, in a letter dated 12 January 2010 (S/AC.50/2010/COMM.1), underlined the fact that "the Francop vessel was not carrying anything that pertained to Syria" and denied the allegations. The Panel awaits Syria's response to its queries.
144. In addition to exploring the circumstances surrounding the shipments themselves, the Panel has sought to understand Iran's activities with the transfers to the regions below:
- **Middle East:** In addition to the incidents reported to the Committee that identify Syria as the country of destination, another reported incident, pending inspection, involves transfer of arms and related materiel from Syria to Egypt and is reported to have originated in Iran. This transfer took place after the adoption of resolution 1929 (2010).  
The Panel recalls the provisions of paragraph 5 of resolution 1747 (2007), which both bar transfers by Iran of any arms or related materiel and provide "that all States shall prohibit the procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran." Syria's apparent role in illegal arms transfers by Iran is a serious violation of its Security Council obligations.
  - **West Africa:** According to several Member States, Iran is believed to be expanding its presence in Africa, both through increased trade and diplomatic activity. Concurrent with this, it has been alleged that the IRGC is also

expanding in the region. Nigerian Authorities concluded that their country was not the destination for the 13 containers of ammunitions sent by Iran (they and Iran's then-Foreign Minister Mottaki confirmed that Gambia was the final destination). This, according to Iran's foreign minister was part of a bilateral agreement between the two countries. The Panel notes that the Gambia's border-sharing neighbour, Senegal has had a thirty year secessionist movement in the south of the country, which may have been the intended end-user of the ammunition.<sup>40</sup> As a consequence, both Senegal and Gambia severed diplomatic relations with Iran shortly after the interdiction of the containers and revelation of their contents. As noted in the Panel's report of its inspection, both Iranians who arrived in Nigeria to oversee the shipment are believed to be affiliated with the IRGC.

- **Sudan:** Media reporting and information from Member States have highlighted the role of Sudan as another transit country for Iran's supply of arms to non-State actors in the Middle East and Africa.

## **D. CONCLUSIONS**

145. Reporting of incidents to the Committee involving Iran's transfers of conventional arms and related materiel under paragraph 5 of resolution 1747 (2007) is continuing. Iran wilfully violates Security Council prohibitions on such transfers under paragraph 5 of resolution 1747 (2007). This provision applies equally to any Member State found to be a destination of Iranian arms and related materiel, and clearly applies to Syria. There is no evidence of financial transaction, other than for shipping costs, with incidents reported to the Committee thus far. Iran appears to want to consolidate regional role and increasing its influence in developing regions such as Africa, Asia, and Latin America.
146. Some of the information the Panel found in the course of inspections of reported incidents suggests that the items intercepted by Member States could be parts of larger arms shipments. In the Everest (Nigeria) case, for example, Iran's ambassador to Nigeria reported to the Nigerian Foreign Minister that the shipment was the third in a series. There are also indications among packing lists and serial numbers that other items belonging to a lot or shipment could have been shipped at a different time. This information suggests that the incidents reported to the Committee and inspected by the Panel are not isolated, but part of larger and continuing exports of conventional arms and related materiel.
147. The Panel found no evidence of payments by recipients for shipments of ammunition and concludes that the shipments were not primarily intended to generate revenue.

---

<sup>40</sup> According to media reporting, Senegalese authorities have examined ammunition recovered from skirmishes with the rebel group and found them to be of Iranian origin.



148. Several groupings, such as the Economic Community for West African States (ECOWAS), the Wassenaar Arrangement, the European Code of Conduct on Arms Exports and the Organization for Security and Cooperation in Europe are intended to bring transparency and confidence-building to international arms transfers. Many United Nations protocols and treaties also exist dedicated to curbing illicit transfers of conventional arms, such as those listed in the footnote to paragraph 136 above.

## **E. RECOMMENDATIONS**

149. The Security Council should urge Member States to maintain a high level of vigilance with the aim of interdicting prohibited transfers of arms and related materiel, and to report within the time specified in resolution 1929 (2010) any such incidents to the Committee, and to support the Panel as it seeks to inspect such incidents.
150. The Security Council should recall to Member States the existence of multilateral organizations with accountability and transparency mechanisms for arms transfers, and the existence of United Nations and multilateral protocols and treaties dedicated to curbing illicit transfers of conventional arms, such as the ECOWAS Convention.

### **III. EXPORT CONTROL**

#### **A. INTRODUCTION**

151. Security Council resolution 1737 (2006) requires that all States “take measures to prevent the supply, sale or transfer [...] of all items, materials, equipment, good and technology” (listed in documents S/2006/814 and S/2006/815), which “could contribute to Iran’s enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems.” This list of items is updated by resolution 1929 (2010), which notes that the list of items in S/2006/814 shall be superseded by INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2, and the list of items contained in S/2006/815 shall be superseded by the list of items contained in S/2010/263.
152. As described in the previous sections on Iran’s nuclear and ballistic missile-related procurement, Iran continues to be determined to acquire equipment necessary for its nuclear and ballistic missile programme, and to rely on illicit channels for procurement to do so. It is also believed that Iran is seeking to procure items with specifications that fall below the threshold of the items mentioned in the resolutions. These constitute major challenges for Member States in implementing their export control obligations.

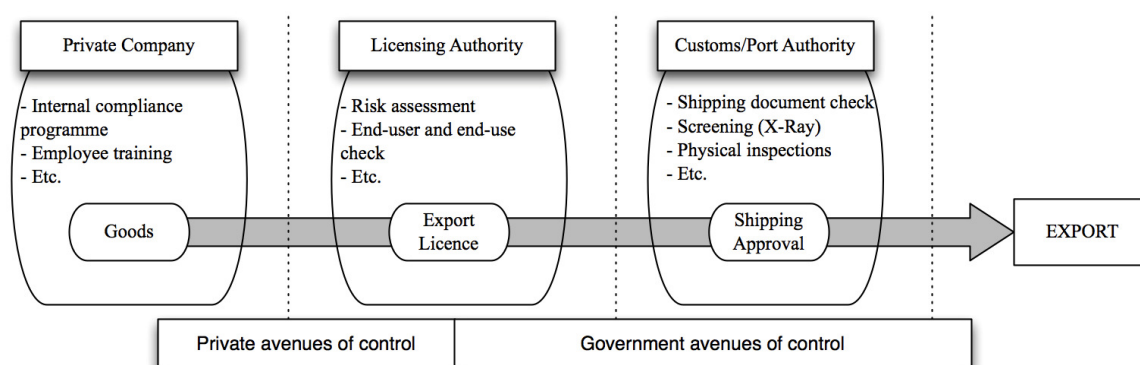
#### **B. ANALYSIS**

153. Through its consultations with Member States regarding the implementation of export control obligations, the Panel has observed that a large majority of Member States attaches great importance to non-proliferation and the implementation of relevant resolutions and has taken measures to strengthen their export control regimes.
154. Some Member States are less aware of their obligations because they are not major producers of items referred to in the resolutions, or because they have limited trade with, or are geographically remote from Iran. There is a danger that these States could be used as hubs for the transshipment, or re-export, of prohibited items.

#### **Effective measures of export control**

155. Figure 5 illustrates the decision points at different phases of the export control process, and where specifically Member States are able to exercise vigilance over exports or re-exports of prohibited items.

**Figure 5. Export procedures: major avenues of control**



## Private sector

156. The private sector is on the front line for control of the export of sensitive items. It is of great importance that companies be aware of Security Council resolutions and any domestic laws and regulations incorporating the resolutions, and abide by them. Producers and suppliers of sanctioned items often have important information regarding demand for their product or requests for procurement. Engagement and information exchange between the government and the private sector can enhance cooperation between the both sides to improve the implementation of the resolutions
157. The private sector often has direct experience in fielding enquiries for sensitive and/or controlled items. The Panel consulted with one company that manufactures dual-use products that have been sought by Iran, which was willing to share its own internal guidelines for vetting export enquiries. The initial steps taken by this company include checking for the item in its export control database, gathering additional information about the source of the enquiry, researching the consignee and stated end-user in open-source material, adding any information gathered to its own internal database, and as necessary, passing the enquiry and relevant information to government authorities for further investigation. These practices reflect a level of “know your customer” that may be the norm for many companies in the private sector, but which governments should reinforce and support.
158. Some Member States require that companies establish internal compliance programmes (ICPs) and nominate a member of senior management to take legal responsibility for following internal compliance procedures.
159. The Panel notes that many Member States have established outreach programmes to connect government licensing authorities to the private sector. Some Member States organize regular seminars, workshops and other outreach activities, publish reports and brochures and conduct compliance visits to engage the private sector toward this end. Several Member States also indicated to the Panel that they specifically target small and medium sized companies in their outreach efforts.

160. Non-governmental and academic organizations can also play a constructive role in promoting awareness in the private sector of the resolutions and measures taken by the government to prevent illicit trade in sanctioned items.

#### **Licensing and inter-agency coordination**

161. The Panel notes the importance of risk assessment systems based on information regarding goods, exporter, and end-user or end-use of exported goods.
162. The Panel also notes the importance of catch-all provisions to control non-listed items that could contribute to Iran's nuclear and ballistic missile programmes. Catch-all provisions, are characteristic of well-established national export control systems. These measures can be critical to reducing the risk of proliferation. However, one Member State drew attention to the negative consequences of a wide interpretation of catch-all.
163. Inter-agency coordinating mechanisms, in the form of standing/consultative committees, or inter-governmental agencies, play an important role in exercising effective export controls. Many Member States with whom the Panel consulted have established standing/consultative committees, or inter-governmental agencies, comprising of Ministries of Foreign Affairs, Commerce, Finance, Custom Service, Intelligence and other relevant agencies to assess and coordinate the licensing review process.
164. Re-exports carry the same proliferation risk as exports. Implementation of export control laws requiring licensing or re-licensing of sensitive items may vary across States. However, it is important for licensing authorities to exercise vigilance over the end-use/end-users of the export of sensitive dual use items that can contribute to prohibited nuclear and ballistic missile programmes, and the possibility of re-export.

#### **Customs control**

165. A growing number of States are using electronic clearance systems that allow for automated risk management systems for identifying exports that merit further scrutiny. Some States have introduced additional procedures of plausibility checks and other measures to exercise vigilance when enforcing sanctions, as requested by resolution 1929 (2010). Physical controls are conducted using X-Ray scanning at most critical ports. In the case of transshipments, some States require pre-arrival notifications, which allow a risk-based identification of potentially high shipments to be subjected to physical control.

#### **Information sharing and cooperation**

166. Information sharing regarding export denials and suspicious enquiries is always a sensitive issue. It is also difficult for private companies to share such information with one another because of competitive interests. Such information is often shared only between relevant governmental agencies and the companies concerned, or among States belonging to the same regime (e.g., Nuclear Suppliers Group) when

enforcing export control or regional groups, such as the European Union. The Panel's consultations have revealed some reluctance to share such information more widely, though the information could be helpful to understand better patterns of procurement or attempted procurement of sensitive items.

167. International cooperation between countries strengthens their export controls to fully implement the resolutions. The Panel acknowledges as a good practice a European Union initiated programme (implemented by BAFA<sup>41</sup>) to strengthen cooperation with other countries on export control regulations related to proliferation. This programme, which avoids applying "one size fits all" principle and is thus tailored to the needs of specific countries, constitutes a model that is helpful in building capacity in countries where export control systems may not be sufficiently robust.

### **C. CHALLENGES**

168. Iran's procurement of items below the threshold of list of items set out in the Security Council resolutions poses challenge to the international community. Catch-all provisions, which are commonly implemented by Member States with well-established export controls, are essential to control non-listed items that could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems. However, since the interpretation of catch-all principles differ among Member States, export controls may also vary.
169. Small and medium-sized enterprises could be overlooked by the outreach efforts of export control authorities. They may also be unfamiliar with licensing requirements or lack the resources necessary to undertake due diligence for potential customers. Such companies may operate in niche markets, be dependent on a smaller customer base and be reluctant to decline valuable business.
170. Front companies are easily established, difficult to trace, and operate primarily in third countries. Front companies are employed by Iran for circumventing sanctions in a number of ways, including concealing procurement and end-users. They are often created for a given purpose and occasionally give themselves away by administrative or other errors. If licensing decisions are based only on control lists and designated entities or individuals, without knowledge of the real end-users and end-use, it can be difficult for exporting governments and companies to identify illegal procurement attempts. In the case of phosphor bronze wire mesh procurement, a front company was operated by a single Iranian national in one Member State.<sup>42</sup>

---

<sup>41</sup> Germany's Federal Office of Economics and Export Control.

<sup>42</sup> This case is discussed in more detail in paragraphs 65-70.

171. States also face the challenge of maintaining and developing expertise within licensing and customs authorities which must identify both increasingly sophisticated technologies and their application to nuclear and missile programmes, while also remaining alert to procurement attempts involving dual use items that are not explicitly controlled.

#### **D. CONCLUSIONS**

172. The Panel notes that ICPs of the private sector, inter-agency coordinating mechanisms, information sharing, international cooperation, and other effective measures exercised by some Member States, can be used by other Member States as examples when they incorporate these measures into their export control regimes according to their own domestic situation.
173. Iran's sophisticated and evolving methods of circumvention and continuous procurement attempts, especially the procurement of items below the threshold of list of items set out in the Security Council resolutions pose new challenge to Member States.

#### **E. RECOMMENDATIONS**

174. The Security Council should update the relevant provisions of resolution 1929 (2010) to reflect the current versions of the control lists referred to in paragraph 13 of the resolution.
175. The Security Council should encourage Member States to make information regarding corporate registrations publicly accessible as a means of identifying Iranian front and/or shell companies as a source of information for the private sector.
176. The Security Council should encourage Member States to provide information, expertise and experience to States whose export control regimes and capacities for effective implementation could be further strengthened.
177. The Security Council should strongly encourage Member States to establish and implement interagency coordinating mechanisms for sanctions implementation.
178. The Security Council should recommend to Member States that, where these do not exist, they incorporate catch-all provisions into export licensing procedures.
179. The Security Council should reach out to the relevant organizations and multilateral export control regimes to discuss the sharing of information regarding suspicious procurement attempts and formal denials, with full consideration for confidentiality requirements.

## **IV. SHIPPING AND TRANSPORTATION**

### **A. INTRODUCTION**

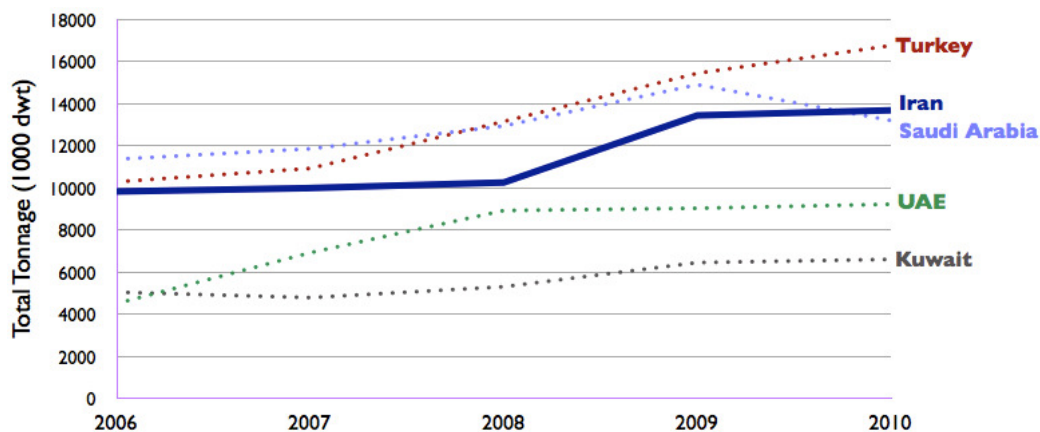
180. Resolution 1929 (2010), in paragraphs 14 and 15, calls upon States to inspect all cargo to and from Iran, to cooperate in inspections on the high seas with the consent of the flag State when they have “information that provides reasonable grounds to believe the cargo contains items, the supply, sale, transfer or export of which is prohibited” by the relevant Security Council resolutions. States are also required to deny bunkering services to Iranian-owned or -chartered vessels, including chartered vessels.
181. By the same resolution, in paragraph 19 and Annex 3, three entities controlled or acting on behalf of IRISL (Irano Hind Shipping Company, IRISL Benelux NV and South Shipping Line Iran (SSL)) are sanctioned, together with persons or entities acting on their behalf and entities owned or controlled by them. By paragraph 20, States are requested to inform the Committee about transfers of business and activity by IRISL to other companies, including renaming or re-registering vessels or ships. Similar information is requested of States in connection with Iran Air’s cargo division.
182. These measures enhance restrictions imposed by previous resolutions, in particular:
- Resolution 1737 (2006), which by paragraph 3, decides that “States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories of all items, materials, equipment, goods and technology which could contribute to Iran’s prohibited activities.”
  - Resolution 1747 (2007), which by paragraph 5, requires States “to prohibit the procurement of any arms or related materiel from Iran using its flag vessels or aircraft and whether or not originating in the territory of Iran”; and
  - Resolution 1803 (2008), which by paragraph 11, calls upon States “to inspect in accordance with their national authorities and legislation and consistent with international law, in particular the law of the sea and relevant civil aviation agreements, all cargo to and from Iran,” in their territory, including seaports and airports, if the State concerned has information that provides reasonable grounds to believe the cargo contains items the supply, sale, transfer or export of which is prohibited by the provisions of the relevant resolutions.

## B. BACKGROUND

### I. MARITIME TRANSPORTATION

183. Iran possesses one of the largest fleets in the region (see Figure 6). The nominal capacity of commercial ports in Iran is 150 million tons and container capacity 4.4 million TEU. Container operations in commercial ports reached 2.7 million TEU in 2009-2010, using its container capacity at only 61.5 percent.<sup>43</sup>

**Figure 6. Fleet size of selected countries in the region (2006-2010)<sup>44</sup>**



### II. AIR TRANSPORT

184. Iran's national air carrier, Iran Air, possesses more than 50 aircraft and plans to acquire one additional aircraft.<sup>45</sup> No information was available to the Panel on the proportion of Iran Air's fleet used for cargo, for passenger traffic and for combined passenger/cargo traffic.
185. More than a dozen airlines are based in Iran. Some of them, such as Iran Aseman Airlines or Mahan Air, are operationally active, possessing over twenty aircraft each, but some other airlines are possibly not operational. One Iranian cargo carrier reported by Turkey to be involved in a recent incident of non-compliance, YasAir, possesses four cargo planes. Two of these were previously owned by the IRGC.<sup>46</sup>
186. The amount of cargo carried internationally by Iranian air companies reached 83 thousand tons (38 thousand tons of cargo were carried by air domestically) in the

<sup>43</sup> TEU stands for twenty-foot equivalent unit. Data are from The Annual Review by the Central Bank of Iran (2009/2010).

<sup>44</sup> Based on the statistics found in annual reports issued by UNCTAD, *Review of Maritime Transport*.

<sup>45</sup> Figures are taken from website of AeroTransport Data Bank (most recently accessed on 15 April 2011).

<sup>46</sup> AeroTransport Data Bank (see: <http://www.aerotransport.org>).



last Iranian fiscal year. Passenger movements through Iranian airports were 36.3 million in the same period.<sup>47</sup>

### III. GROUND TRANSPORT

187. Iran has nine main road border crossings with neighbouring States: two each with Turkey and Afghanistan, one each with Armenia, Iraq, Azerbaijan, Turkmenistan, and Pakistan. There are four rail crossings with Turkey, Pakistan, Turkmenistan and Azerbaijan. The Panel has identified a number of Iranian and foreign trucking companies that operate between Iran and Europe and other countries in the region.
188. According to Iranian official sources, the total rail tracklength in Iran is 8,148 km.<sup>48</sup> 32.8 tons of goods (domestic and transit) and 27.7 million passengers were carried by rail over the most recent Iranian fiscal year for which data exist.<sup>49</sup>
189. According to government statements and industry publications Iran plans to develop further its transport infrastructure, particularly railways, in order to facilitate cargo traffic and connectivity with Asia in cooperation with neighbouring States.<sup>50</sup> This is intended to attract US\$ 25bn-worth of investment in the coming years.<sup>51</sup>

## C. ANALYSIS

### I. PATTERNS OF CIRCUMVENTION

190. The imposition of sanctions since 2007 has prompted Iran to respond by changing methods of circumvention.

#### **Renaming and reflagging**

191. Many Iranian-flagged vessels moved their registration abroad. During 2007 the tonnage of vessels flying the Iranian flag reduced by nearly 43 percent (from 8,894 thousand dwt<sup>52</sup> on 1 January 2007 to 5,080 thousand dwt on 1 January 2008).<sup>53</sup> By 1 January 2010 almost 94 percent of Iranian-controlled vessels measured by

---

<sup>47</sup> Figures are taken from The Annual Review by the Central Bank of Iran (2009/10).

<sup>48</sup> From the official website of the Ministry of Road and Transportation of Iran.

<sup>49</sup> Figures are taken from The Annual Review by the Central Bank of Iran (2009/10).

<sup>50</sup> *Iran, Armenia to increase Cooperation in Railway Construction*, [www.farsinews.com](http://www.farsinews.com) (28 April 2011); *Iran to connect Armenia to International Waters*, [asbarez.com](http://asbarez.com) (27 April 2011).

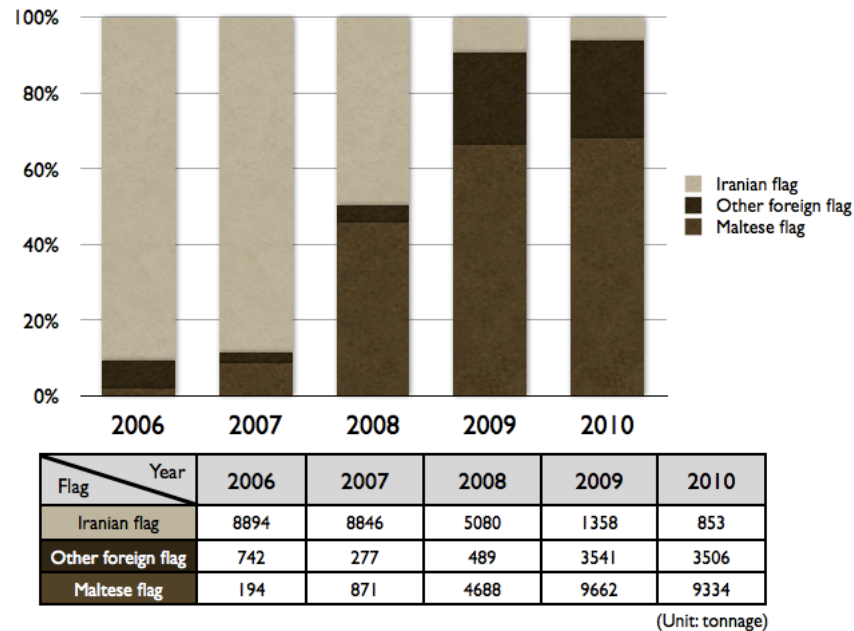
<sup>51</sup> Iran Infrastructure Report by Businessmonitor International, [www.businessmonitor.com](http://www.businessmonitor.com); Iran FreightTransport Report Q2 2011, <http://bizreportshop.com>.

<sup>52</sup> Deadweight tonnage.

<sup>53</sup> Based on the statistics found in annual reports issued by UNCTAD, *Review of Maritime Transport*. Data are as of 1 January of each year.

tonnage were registered abroad mainly in Malta. Since 2009, Iran is no longer a major open national registry in the world (see Figure 7 and Figure 8).<sup>54</sup>

**Figure 7. Iranian-controlled vessels by flag (in 1000dwt)**



192. As of 2010, more than 70 percent of Iranian-owned vessels were registered in Malta, a well-known flag of convenience. The Panel notes that open registry of vessels could be used to hide the identity of real owners, especially in combination with certain corporate structures.<sup>55</sup> It is highly likely that Iran makes use of such open registry mechanisms to conceal IRISL's identity, given the creation of a complex ownership structure of IRISL following imposition of sanctions. One State suggested that an additional motive for the reflagging could be because Malta's flag is also a flag of good-standing in security and environmental standards and may have been chosen by IRISL to reduce the chance of random checks.<sup>56</sup>

193. In order to facilitate enforcement of sanctions by their private sector some States have compiled lists of some IRISL-controlled entities, IRISL-controlled shell companies, subsidiaries and renamed IRISL vessels.<sup>57</sup> These make identification of ultimate ownership of a given vessel difficult. To get around this problem some States use IMO numbers to determine a vessel's identity. This is a seven-digit code,

<sup>54</sup> Based on the statistics found in annual reports issued by UNCTAD, *Review of Maritime Transport*. Since the beginning of 2009, IRISL has not been found in the list of top 35 flag countries.

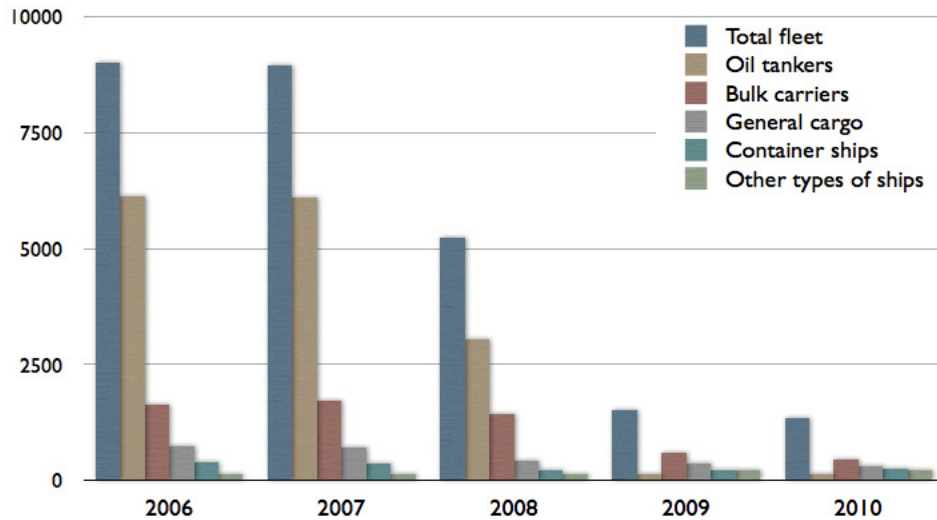
<sup>55</sup> OECD Maritime Transport Committee, *Ownership and Control of Ships* (March 2003)

<sup>56</sup> For instance, these two countries are not named in the blacklists of Paris Memorandum of Understanding on Port State Control (Paris MOU) and the Memorandum of Understanding on Port State Control in the Asia-Pacific Region (Tokyo MOU) in 2009.

<sup>57</sup> See, for example, the list published by US Department of the Treasury.

prominently displayed, unique to each vessel. No cases are known of fabricated IMO numbers.

**Figure 8. Iranian-registered vessels by type (in 1000dwt)<sup>58</sup>**



194. Information provided by States indicates that between late 2008 and mid-2010 some 76 vessels out of 123 IRISL-controlled vessels were renamed. Further renaming took place, making it difficult to keep track of vessels and update lists in a timely fashion.<sup>59</sup> Many Farsi names were replaced by English names, accompanied in some instances by repainting.

#### **Corporate restructuring of IRISL**

195. In 2007, IRISL was the world's 23<sup>rd</sup> largest container shipping line. By April 2011, IRISL had disappeared from the world's top 100 container shipping lines and another Iranian shipping company, Hafez Darya Shipping Lines (HDSL) occupied 22<sup>nd</sup> place, with a TEU of 89,481.<sup>60</sup> In 2009, IRISL transferred its container shipping services to HDSL. At the same time IRISL's bulk carrier general cargo operations were taken over by Sapid Shipping and managed by another company. Over the last few years IRISL has transferred nominal ownership of vessels to front companies created for the purpose while continuing to operate the vessels. In some cases these front companies own as few as one to three vessels. Open sources suggest that these shell companies are linked by a network of a corporate structure – established in different Member States – to prominent IRISL senior managers.<sup>61</sup>

<sup>58</sup> Source: UNCTADstat (<http://unctad.org>)

<sup>59</sup> Source: Sunday Times, 9 June 2010.

<sup>60</sup> AXN MARINE's Alphaliner-TOP 100 list (most recently accessed on 07 April 2011).

<sup>61</sup> Source: Hongkong Connection, *Iran Shellgame*, South China Morning Post, 8 and 9 April 2011; 9 April 2011, [topics.scmp.com/news/](http://topics.scmp.com/news/); *Web of shell companies veils trade by Iran's ships*, New York Times, 7 June 2010, [www.nytimes.com](http://www.nytimes.com)

**Use of chartered vessels**

196. In two reports of non-compliance received by the Committee, Monchegorsk (Cyprus) and Hansa India (Malta), IRISL's involvement in shipping prohibited cargo was concealed by the use of chartered vessels.

**Use of foreign commercial shipping companies**

197. In five incidents of non-compliance reported to the Committee under resolution 1929 (2010), the shipments were carried by well-established foreign carrier vessels or aircraft, such as CMA-CGM, MSC, Korean Air Cargo, and STX Pan Ocean (Singapore).

**II. CONCEALMENT METHODS****Misdeclaration of contents in bill of lading**

198. In three cases, Francop (Israel), Everest (Nigeria) and M/S Finland (Italy), Iranian shippers tried to conceal the real contents of cargo by false declarations of the contents in shipping documents. In these cases the cargo was described as "building material" and "milk powder." As reported by Turkey (YasAir case), the contents of cargo were also identified falsely on shipping documents as "auto spare parts."
199. In the Everest (Nigeria) case, Iran tried to hide the real consignee of its shipment of arms by describing the consignee in the bill of lading as "to order," which is a standard commercial practice.

**Physical concealment of cargo**

200. In the Francop (Israel), Everest (Nigeria), and M/S Finland (Italy) cases, the prohibited items were physically hidden behind items consistent with the cargo declaration.

**Obscuring container identification and tracking**

201. Some of the shipping containers inspected by the Panel in connection with several different incidents carried unconventional identification numbers. Standard container identification numbers comprise four-letter prefixes and 6 numerals and a check-digit (seventh numeral), the BIC code or ISO Alpha-code. Such codes make containers trackable via the Internet. In the Everest (Nigeria) case, the Iranian shipper used its own containers with non-standard four-letter prefixes (SOLE) painted over the original four-letter prefix (BFKU). Anomalies in other violations inspected by the Panel included temporary identification applied with sticky lettering (rather than paint).
202. The use of shipper owned containers allows shippers to avoid the possibility of their containers being tracked across the globe using commercial databases available for this purpose. Shipper owned containers were used in both the Francop (Israel) and Everest (Nigeria) cases.

### **Transshipment ports/free trade ports**

203. Member States highlighted transshipment hubs or free trade ports as a weak link in controlling movements of prohibited items, and thus possibly used by Iran to conceal illegal shipments. Such hubs create difficulties in retracing shipping routes of illegal cargo because sometimes information about incoming shipping (such as bills of lading) may not be passed on to the departing shipment in case of reloading to other feeder vessels.

## **D. CHALLENGES**

204. The identification of IRISL-controlled vessels is difficult because of reflagging and renaming, and restructuring of IRISL by transferring ownership to IRISL-controlled shell companies.

205. Under current practices, information contained in shipping documents is based on that provided by the freight forwarder. Shipping lines or ship captains are indemnified against civil liability for any consequences of inaccuracies in bills of lading.<sup>62</sup>

206. The commercial shipping sector faces four types of risks arising from Iran's use of maritime transportation infrastructure:

- The physical risk associated with unwittingly shipping conventional material or explosives;
- The reputational risk to a company identified as having been involved, even if unwittingly, with transporting goods or materials connected with an attempt by Iran to circumvent sanctions;
- The commercial risk of delay or detention by authorities in connection with investigations into a suspected violation of sanctions; and
- The potential legal risk of involvement in an attempt to violate sanctions by Iran.

207. The volume of trade of Iran, which amounts to \$130 billion annually, makes it relatively easy to hide comparatively small volumes of items imported for use in prohibited activities or Iran's exports of conventional weapons. The reported incidents of non-compliance have involved approximately 100 containers, compared with the approximately 500 million per year handled worldwide.

---

<sup>62</sup> Liabilities of carriers or shippers are stipulated in major international conventions including *International Convention for the Unification of Certain Rules of Law relating to Bills of Lading* ("Hague Rules"), its amendment in 1968 ("Visby Amendment"), or *United Nations Convention on the Carriage of Goods by Sea* ("Hamburg Rules").

## **E. CONCLUSIONS**

208. The use by Iran of maritime transport for circumventing sanctions is one of the most difficult areas for the international community to monitor and control, because of the global volume of cargo. The need to transport goods in a reliable, timely fashion precludes inspection of cargoes to the degree necessary to prevent circumvention.
209. IRISL is seeking to conceal its ownership of vessels through the creation of numerous shell or front companies around the world. There is no single source of regularly updated, publicly available information regarding existing and newly-established IRISL-linked vessels and companies. Iran is using aviation and ground transportation to ship prohibited items and may consider turning to these avenues increasingly as scrutiny of maritime transport increases.
210. Inspections carried out by the Panel demonstrate that Iran has attempted to export arms and explosives inside containers belonging to unwitting commercial carriers. Iran puts the commercial transport sector at severe physical, reputational, and commercial risk by this practice.
211. The absence of clear legal accountability in respect of the different actors in the commercial transport chain for the contents of container traffic potentially undermines the effective implementation of sanctions.

## **F. RECOMMENDATIONS**

212. The Security Council should recommend to Member States the use of IMO numbers to allow for accurate identification of IRISL vessels.
213. The Security Council should request Member States to encourage their commercial transportation sector to share information with authorities regarding possible sanctions violations, including suspicious cargo that was rejected for shipment.
214. The Security Council should request Member States to encourage their commercial transportation sector to implement robust internal compliance procedures when doing business with Iran. Such procedures should include vigilance over shipper owned containers, “to order” consignees in bills of lading, and due diligence over all parties involved in the shipment.
215. The Security Council should encourage Member States to exercise effective controls over their flag vessels and aircraft, in particular those vessels owned or controlled by IRISL, in order to ensure that they are not engaged in activities prohibited by sanctions.

## **V. FINANCIAL AND BUSINESS RESTRICTIONS**

### **A. INTRODUCTION**

216. The relevant Security Council resolutions contain two categories of financial restrictions: The first, targeted financial sanctions, require freezing of funds and other assets of designated entities and individuals (paragraphs 12 to 15 of resolution 1737 (2006), paragraph 6 of resolution 1747 (2007), paragraph 7 of resolution 1803 (2008) and paragraphs 11, 12 and 19 of resolution 1929 (2010)). The designated individuals and entities are listed in the Annex to resolution 1737 (2006), Annex I to resolution 1747 (2007), Annexes I and III to resolution 1803 (2008) and Annexes I-III of resolution 1929 (2010). Two Iranian financial institutions are designated:

- Bank Sepah and Bank Sepah International (resolution 1747 (2007)) and
- First East Export Bank (resolution 1929 (2010))

217. The second category of restriction is activity-based sanctions which impose restrictions on financial or business dealings with Iran under certain conditions. The restrictions are:

- Preventing the transfer of financial resources or services related to supply, sale, transfer, manufacture and use of the prohibited items (paragraph 6 of resolution 1737 (2006) and paragraphs 8 and 13 of resolution 1929 (2010));
- Preventing the provision of financial services and transfer of financial assets or resources which could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (paragraph 21 of resolution 1929 (2010));
- Prohibiting Iranian banks from initiating new business activities in Member States if related to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (paragraph 23 of resolution 1929 (2010)); and
- Prohibiting financial institutions of Member States from initiating new business in Iran if related to Iran's proliferation-sensitive nuclear activities, or the development of nuclear weapon delivery systems (paragraph 24 of resolution 1929 (2010)).

218. The activity-based sanctions of resolution 1929 (2010) build on those set out in resolution 1737 (2006) and resolution 1803 (2008). Two Iranian financial institutions are named in paragraph 10 of resolution 1803 (2008), which requires that States "[...] exercise vigilance over the activities of financial institutions in their territories with all banks domiciled in Iran, in particular with Bank Melli and Bank Saderat, and their branches and subsidiaries abroad [...]". Vigilance over transactions involving Iranian banks, including the Central Bank of Iran, was also called for in preambular paragraph 16 of resolution 1929 (2010).

219. Member States are also obliged to require their nationals, persons and companies to exercise vigilance when doing business with entities in Iran including those of the IRGC and IRISL (paragraph 22 of resolution 1929 (2010)).

## B. ANALYSIS

### Implementation by Member States

220. Based on evidence contained in implementation reports and provided during consultations with Member States, different jurisdictions have implemented financial restrictions using a variety of methods. These range from simply circulating the provisions of resolution 1929 (2010) to financial and banking institutions and regulators, with little or no additional information or guidance, to introduction of instruments such as decrees or regulations, to incorporation into domestic legislation with appropriate penalties for violations.
221. Based on implementation reports and information provided by Member States during consultations, the Panel noted the following:
- **Reporting obligations** placed by States on their financial institutions varies. Some States have systems under which financial institutions are required to submit reports to their authorities on financial transactions with Iran based on monetary value. Other States have no such formal systems.
  - **Violations of financial sanctions:** Some Member States have mechanisms in place for regulating their financial sector's implementation of sanctions, and identifying violations, based on FATF AML/CFT practices. The Panel was not informed of any violations of United Nations financial sanctions during consultations with Member States. Several States informed the Panel that no violations had been reported by their financial institutions or registered by regulatory mechanisms;
  - **New Iran business:** No States reported new business in their jurisdictions by Iranian financial institutions, nor by their financial institutions in Iran;
  - **Assets freeze:** Five member States provided information on Iranian financial assets that have been frozen as a result of sanctions. Some States reported that no Iranian assets have been frozen. Other States, citing confidentiality, withheld this information.
222. The Financial Action Task Force (FATF) has issued several guidance papers on financial provisions of Security Council resolutions.<sup>63</sup> These address targeted financial sanctions and aspects of activity-based financial sanctions. Two papers in particular, *Guidance Regarding Implementation of Activity-based Financial Prohibitions of United Nations Security Council Resolution 1737* (October 2007) and *Guidance on Implementation of Financial Provisions of United Nations Security Council Resolution 1803* (October 2008) set out the measures that financial

---

<sup>63</sup> The Financial Action Task Force (FATF) is an inter-governmental body whose purpose to combat money laundering and terrorist financing. FATF currently comprises 34 member jurisdictions and two regional organisations, and eight FATF-style Regional Bodies.



institutions can take when dealing with high-risk customers and transactions, and with Iranian banks, in order to be compliant. The FATF is examining the financial provisions of resolution 1929 (2010) in order to determine whether additional guidance is necessary.

223. The results of the FATF Working Group on Terrorist Financing and Money Laundering (WGTM) Project Team on Proliferation Financing (PFPT) work on proliferation financing is likely to be relevant to enforcement of financial sanctions on Iran. Of particular interest is the extent to which methodologies used for anti-money laundering and counter-terrorist financing (AML-CTF) can be adapted to sanctions implementation, such as suspicious transaction reporting.

### Challenges

224. Challenges in the implementation of sanctions highlighted by Member States include:

- **Determining what constitutes adequate vigilance.** Preamble paragraph 16 of resolution 1929 (2010) recalls “the need to exercise vigilance over transactions involving Iranian banks, including the Central Bank of Iran,” and paragraph 22 decides that States “exercise vigilance when doing business with entities incorporated in Iran or subject to Iran’s jurisdiction, including those of IRGC and IRISL.” There is no common understanding of the meaning of vigilance. Vigilance over banking transactions can be carried out within the context of existing financial regulatory arrangements, and FATF guidance exists for this.<sup>64</sup> But the practical steps which financial institutions or business should take to ensure adequate vigilance over business transactions are harder to set out.
- **Deciding what constitutes adequate due diligence on existing or new Iran business.** Companies and financial institutions, keen to exploit business opportunities, particularly during economic down-turns, need to establish what constitutes adequate due diligence to avoid risk of prosecution when dealing with Iranian individuals or entities. FATF guidance exists.<sup>65</sup> One Member State addressed the issue by stating during seminars on conducting business with Iranian individuals or entities that “any such business is at your own risk” (it could be argued that this approach is at odds with the principle of “smart” sanctions).
- **Differentiating between the requirements of different financial sanctions regimes.** Language used in Security Council resolutions tends to be general in nature and implementation requires interpretation. Some States and the private sector have less certainty about the adequacy of the measures they adopt, than under the more specific or directive language used by other multilateral sanctions regimes (the European Union), or national regimes such as the United States and other countries.

---

<sup>64</sup> The Implementation of Financial Provisions of Security Council Resolution 1803 (October 2008)

<sup>65</sup> The Implementation of activity-based Financial Prohibitions of Security Council Resolution 1737 (2007); and Combating Proliferation Financing, a Status Report on Policy development and Consultation (February 2010).

- **Understanding Iranian measures to circumvent sanctions.** One Member State commented that because Iran's sanctions counter-measures are intended to try to maintain normal economic activities as well as continue to procure for prohibited programmes, the two could be hard to distinguish. This made it difficult to block specific financial transactions related to prohibited procurements.

### **The impact of United Nations financial sanctions**

225. The Panel received little quantitative data on the impact of Security Council financial sanctions on Iran from Member States. It is also difficult to separate the impact of these, relatively narrowly targeted sanctions, from the impacts of financial sanctions levied by other jurisdictions (such as the United States, the European Union, and other countries).

226. States reported to the Panel that:

- Iranian individuals and entities find themselves increasingly cut-off from international financial markets, making it increasingly difficult to find ways to pay in US dollars or euros for the equipment they need to procure overseas for their prohibited programmes;
- Iranian overseas financial transactions, which used to be largely centred on the Gulf appear to have shifted in recent years to other neighboring countries;
- The Iranians have responded to a reduction by the London insurance market of Iran business (for example, the Lloyd's Market's premium income was down to about £10m for the year preceding the sanctions and no new business is now being accepted) by seeking insurance coverage, believed to be from Asian and east Asian markets. In this way they have to some extent mitigated the impact of sanctions on their insurance arrangements but coverage may be less-well capitalized than in the London market; and
- Three IRISL cargo ships were seized in Singapore, and one each in Malta and Hong Kong as a result of difficulties Iran encountered accessing financial services in foreign countries. Repossessing the ships forced Iran to draw on valuable foreign currency reserves.

### **Iranian tactics for circumventing financial sanctions**

227. As an additional indication of the impact of sanctions, Iran is deploying a wide range of methods to circumvent financial measures. According to some States, these include:

- The setting-up of arrangements between banks designated under Security Council sanctions and non-sanctioned banks to ensure that sanctioned banks maintain access to the international financial system. For example, following its designation under resolution 1747 (2007), Bank Sepah accounts were moved to Bank Melli and Bank Mellat. Post Bank of Iran facilitated business on behalf of Bank Sepah for Iran's defense industries;

**Figure 9. Financial sanctions circumvention mechanism**

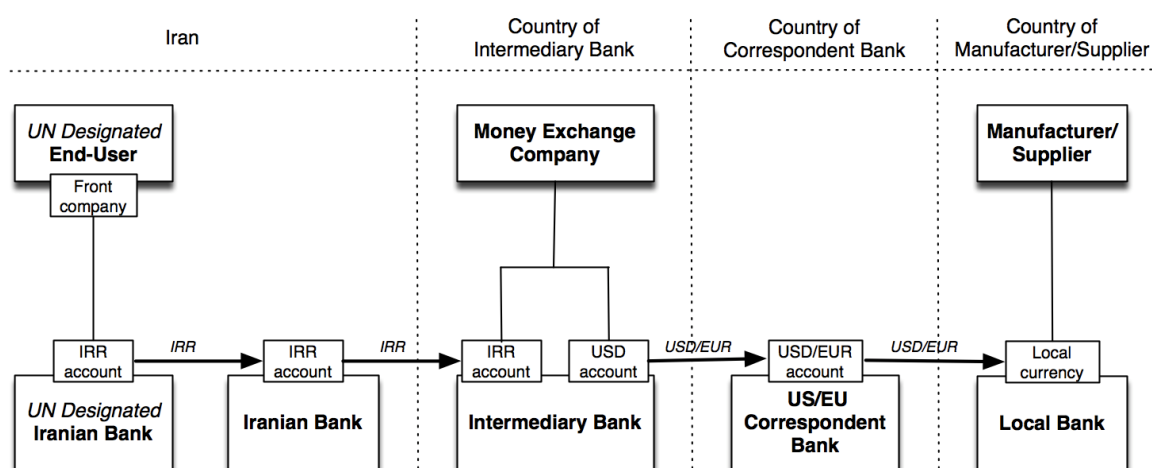


Illustration of one possible mechanism by which United Nations-designated Iranian entities make payments to manufacturers abroad for procurement for the nuclear or missile programmes. Iranian Rials (IRR) are converted to US dollars or euros through a money exchange company and the involvement of designated Iranian end-users or banks is hidden from the manufacturer and the correspondent bank.

- The use of exchange bureaux for facilitating payments for procurement of prohibited items. Figure 9 illustrates one proposed mechanism by which a sanctioned Iranian end-user pays a manufacturer abroad in dollars or euros by means of an intermediary bank and an exchange bureau abroad which holds accounts in the bank for this purpose. Exchange bureaux based in Iran may similarly support sanctioned Iranian end-users by transferring funds to correspondent bureaux abroad with accounts in subsidiaries of Iranian banks, such as Bank Mellat in Istanbul or Bank Saderat in Dubai. The end-user's name does not appear on the transaction so the ultimate recipient of funds is not aware they are coming from a sanctioned entity. The Panel was supplied with no information on the total amount of funds that might be transferred through exchange bureaux;
- The employment of methods used in money laundering or terrorist financing. One possibility, a method of trade-based money laundering, involves trade mispricing, or the under-invoicing of exports by individuals or companies and the over-invoicing of imports. Another possibility suggested by States is hawala transactions. The Panel was supplied with no information on the possible scale of either type of transactions for procurement of prohibited items.
- Facilitation of transactions by the Central Bank of Iran (CBI) on behalf of Bank Sepah and other sanctioned banks, including by removing names from transactions to make it more difficult for intermediary financial institutions to determine the parties to transactions. The Panel has no independent evidence of the role of the CBI.

- Attempts to build covert financial infrastructures abroad by buying banks or money exchange bureaus and other financial institutions. One Member State estimated that about ten attempts were made to buy foreign banks in the last two years, although without success. Iranian banks have also attempted to set up new banking relationships overseas, for example in parts of South America.

## **C. CONCLUSIONS**

228. Financial sanctions, although complex, appear to be having an impact, as judged by the range of measures taken by Iran to circumvent them. These measures are expensive and time-consuming to set up and administer. They include arrangements to enable sanctioned Iranian banks to maintain access to the international financial sector through normal business conducted by non-sanctioned Iranian banks.
229. Nevertheless, despite financial restrictions, Iran appears able to continue to pay for procurement from abroad for its prohibited nuclear and ballistic missile programmes.
230. The absence of reports of violations of financial sanctions makes it difficult to judge the effectiveness of Member States measures for regulating and monitoring implementation of sanctions by their financial institutions.
231. The apparent use of exchange bureaus by Iran in facilitating procurement of prohibited items suggests that these bureaus are a vulnerability in the framework of financial sanctions.

## **D. RECOMMENDATIONS**

232. The Security Council should request that Member States ensure their banks and financial institutions follow FATF's Guidances in doing business with Iranian banks.
233. The Security Council should request that FATF's work on the implementation of the financial provisions contained in resolution 1929 (2010) be taken forward with the participation of the Panel.
234. The Security Council should request Member States to provide information on violations of financial sanctions and on Iranian assets that have been frozen as a consequence of implementing sanctions.
235. The Security Council should request Member States to review their regulatory systems' monitoring and auditing procedures on a regular basis to ensure they are not being circumvented.

236. The Security Council should encourage Member States to exert adequate vigilance over currency exchange bureaus within their jurisdictions so that they do not provide a means by which Iran can circumvent financial restrictions.

## **VI. DESIGNATION OF ENTITIES AND INDIVIDUALS**

237. The Security Council and the Committee have regularly designated individuals and entities for being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities and for the development of nuclear weapon delivery system, including through involvement in procurement of prohibited items, goods, equipment, materials and technology specified in resolutions 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010).
238. Designation of entities and individuals carries two intended consequences: first, it is the basis on which States implement measures to freeze assets (paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) and paragraphs 11, 12 and 19 of resolution 1929 (2010)); and second, it is the basis for implementation of travel ban measures (paragraph 10 of resolution 1929 (2010)).
239. Consolidated lists of designated individuals and entities can be found on the Committee's public website.<sup>66</sup> Designated individuals and entities fall into three categories: related to the IRGC (also known as "Army of the Guardians of the Islamic Revolution"), related to IRISL, and other individuals and entities involved in Iran's nuclear or ballistic missile activities.
240. On the basis of the Committee's guidance to the Panel to submit additional information about the individuals and entities on the Lists, the Panel has sought to gather information through discussions and consultations with officials from Member States and experts in non-governmental institutions.

### **A. ISLAMIC REVOLUTIONARY GUARDS CORPS**

241. The IRGC's involvement in nuclear and ballistic missile programmes has been identified by the Security Council. Key members and entities of the IRGC, including its Commander, are clearly designated as those involved in nuclear and/or ballistic missile activities, and are brought under such sanctions measures as assets freeze and travel ban under resolutions 1737 (2006) and 1803 (2008). Resolution 1929 (2010) further listed fifteen entities owned, controlled, or acting on behalf of the IRGC are as the subject to assets freeze measures.
242. In addition, a wide range of individuals and entities related to the IRGC are also subject to the financial and business restrictions, though the IRGC was not designated as such. Individuals and entities related to the IRGC, namely those acting on its behalf or at its direction, and those owned or controlled by it, including through illicit means, are subject to the vigilance over their financial transactions

---

<sup>66</sup> See <http://www.un.org/sc/committees/1737/pdf/1737ConsolidatedList.pdf>.

and business activities that could contribute to Iran's proliferation-sensitive prohibited activities.

## **Background**

243. The following is based on information provided by some Member States, experts in non-governmental organisations and the Panel's own research.

- The IRGC was established by a decree of the Revolutionary Council in 1979 and mandated by the Constitution of Iran to guard the Revolution and its achievements. It has exerted strong influence on Iran's leadership, especially after Iran's war against Iraq in 1980-88.
- The IRGC exercises influence through, among other things, the direct access to the Supreme Leader enjoyed by the IRGC leadership and by the occupation of key cabinet and military posts by senior former officers. The IRGC former officers include President Ahmadinejad and they can be found in the Ministry of Defence and Armed Forces Logistics (MODAFL) and the Ministry of the Interior.
- As a participant of the Supreme National Security Council, the key collective decision-making organ established to safeguard national interests and preserve the Islamic Revolution, the IRGC plays an important role in Iran's decision-making on major security and strategic issues.
- The IRGC plays a significant political and social role in Iranian society more generally based on a mandate under the Constitution of Iran, which states that "[i]n time of peace, the government must utilize the personnel and technical equipment of the Army in relief operations, and for educational and productive ends, and the Construction Jihad while fully observing the criteria of Islamic justice and ensuring that such utilization does not harm the combat-readiness of the Army" (Article 147).
- The IRGC has become a leading actor in Iran's domestic economy. Particularly by exploiting privatization programmes conducted under President Ahmadinejad, the IRGC has extended its involvement in the construction, telecommunication, transportation and energy sectors (including exploration of oil and gas fields and construction of pipelines), through civilian affiliates, such as Khatam al-Anbiya Construction and its subsidiaries. In addition, the IRGC is said to extend its influence to a great number of private companies and non-profit organizations operated by its former officers.
- The IRGC may not be monolithic – among non-commanding officers in particular there are diversified political backgrounds and ideas; for example, some senior officers in the IRGC reportedly wrote a letter to their commanding officer demanding assurance that they will not be requested to open fire to suppress the recent popular demonstrations.

## **Analysis**

244. The IRGC is seen as a main player in Iran's decision-making on nuclear and ballistic missile programme, and its influence on such decision-making is regarded as increasing through its growing political, economic and social power. In addition, as already recognized by the Security Council, the IRGC is believed to be engaged

in Iran's efforts for nuclear or ballistic missile development. The IRGC is directly involved in Iran's nuclear development through entities owned, controlled or acting on its behalf, for example, Khatam al-Anbiya Construction and its subsidiaries. The IRGC also controls Iran's strategic missile forces through its Air Force, as mentioned in paragraph 105 above. The Panel was informed by some States that the IRGC is involved in the procurement for Iran's prohibited nuclear and ballistic missile programmes.

245. IRGC entities and individuals are also actively involved in the illicit shipment of arms from Iran to other countries. The Qods Force, a special force of the IRGC tasked with exporting the Islamic revolution beyond Iran's border and a main vehicle of IRGC's operations abroad, is believed to be engaged in Iran's recent illicit foreign shipments of arms and related materiel. Member States informed the Panel that in the Everest (Nigeria) case one IRGC member, Ali Akbar Tabatabaei, using an alias "Sayed Akbar Tahmaesebi", was involved in the illicit shipment in violation of paragraph 5 of resolution 1747 (2007). A Member State also informed the Panel that Tabatabaei is a member of the Qods Force. In addition, though the Panel has not conducted its inspection, it was suggested that in another incident of the seizure at Nimruz Province of Afghanistan in February 2011, the ammunitions and weapons were supplied by IRGC's Qods Force.<sup>67</sup>
246. IRGC's participation in civilian economic activities is expanding through entities owned or controlled by it or acting on its behalf. The precise number of such entities is not clearly identified.<sup>68</sup> The Panel has yet to clearly establish the command and control structure related to the IRGC and its related entities, though some information from Member States indicate that the IRGC and its related entities are under certain control of the Ministry of Defence and Armed Forces Logistics (MODAFL), whose minister is also a former member of IRGC.
247. In this connection, the Panel has also established through open-source information that the Iranian air cargo company involved in an incident reported by Turkey (S/AC.50/2011/COMM.31), YasAir appears to be a company formed as a civilian arm of IRGC and that two out of the four cargo aircraft it possesses were transferred from IRGC.<sup>69</sup> One Member State also provided the Panel with concurring information that YasAir is an IRGC entity, though it is difficult for the Panel to confirm it pending its own inspection of the case.
248. Through its inspections of reported incidents, the Panel has observed that IRGC practices include utilization of front companies for illicit activities. For example, in the Everest (Nigeria) case, two Iranian companies played key roles in Iran's illicit

---

<sup>67</sup> In the hearing at the Committee of Armed Services, the United States Senate on 15 March 2011, General David H. Petraeus, Commander of International Security Assistance Force (ISAF) testified that the ISAF interdicted a shipment from the Qods Force through a known Taliban facilitator.

<sup>68</sup> For example, IRGC's major conglomerate, Khatam al-Anbiya was reported to have more than 800 subsidiaries (see <http://www.foreignaffairs.com/print/66741?page=show>, and <http://ipsnews.net/print.asp?idnews=49844> )

<sup>69</sup> Source: AeroTransport Data Bank (<http://www.aerotransport.org>).



transfer of arms to West Africa. One of them, Behineh Trading Company, played the role of freight forwarder in Iran. It made contact with the agent of shipping line operating in Bander Abbas and provided stuffed containers with non-standard container identification codes. It also provided a false declaration of their contents. The other company, International Trading and General Construction provided support to one of the two Iranians involved, Azim Aghajani. The Panel was also informed that the same company, Behineh Trading Company, was responsible for the shipment of arms discovered in the Francop (Israel) case.

249. Research carried out by the Panel suggests that some of the information regarding key IRGC individuals listed in the Annex of resolution 1737 (2007) and Annex 1 of resolution 1747 (2007) may be out of date (see Table 5).

**Table 5. Examples of personnel changes in IRGC**

Designated Individual	Position	Comments
Maj. Gen. Yahya Rahim Safavi	Commander of IRGC	Replaced by Maj. Gen. Mohammad Ali Jafari
Brig. Gen. Morteza Rezaie	Deputy Commander of IRGC	Replaced by Brig. Gen. Hossein Salami
Brig. Gen. Mohammad Reza Zahedi	Commander of IRGC Ground Forces	Replaced by Brig. Gen. Mohammad Pakpur
Brig. Gen. Mohammad Hejazi	Commander of Basig resistance force	Replaced by Brig. Gen. Mohammad Reza Naqdi
Brig. Gen. Qasem Soleimani	Commander of Qods force	Promoted from Brig. Gen. to Maj. Gen.

Note: Maj. Gen.: Major General; Brig. Gen.: Brigadier General

## **B. ISLAMIC REPUBLIC OF IRAN SHIPPING LINES**

250. Individuals and entities related to IRISL, namely those acting on its behalf or at its direction, and those owned or controlled by it, including through illicit means, are subject to the vigilance over their business activities that could contribute to Iran's proliferation-sensitive prohibited activities. Resolution 1929 (2010) identifies three entities as those owned, controlled, or acting on behalf of IRISL and makes them subject to assets freeze.
251. IRISL was involved in several cases reported by Member States of sanctions violations. Though no evidence of IRISL involvement was found in cases reported following adoption of resolution 1929 (2010), this could indicate that Iran has been successfully concealing the involvement of IRISL entities in its illicit trade activities. It could also be an indication that sanctions have forced Iran to adopt a different approach to illicit trafficking by using commercial shipping.
252. IRISL is an amorphous organization and demonstrates flexibility in altering its structure in response to changing circumstances. IRISL is believed to have created over 100 companies covertly linked and controlled by it through a complex nexus of

shareholders and managing personnel. The establishment of legal commercial entities, separate from the corporate parent is a natural practice in business and does not necessarily indicate illegal or suspicious activity. However the Panel notes an anomaly in IRISL's structure under which several separate legal commercial entities have been established for the purposes of ownership of a single vessel or only a few. This practice, in combination with the re-naming and re-flagging of Iranian vessels, may reflect the intention to hide ownership through the creation of shell companies.

## **C. TRAVEL BAN**

253. Designated individuals are placed under travel ban measures of Member States. Paragraph 10 of Security Council resolution 1929 (2010) obliges all States to "take the necessary measures to prevent the entry into or transit through their territories" of individuals designated in the relevant Security Council resolutions or by the Security Council or the Committee pursuant to paragraph 10 of resolution 1737 (2006), with the exceptions stipulated in paragraph 6 of resolution 1803 (2008) and paragraph 10 of resolution 1929 (2010).
254. Consultations with Member States and the assessment of information contained in implementation reports submitted by the Member States under resolution 1929 (2010) has led the Panel to conclude that many States are implementing travel ban measures by exercising or strengthening existing legal frameworks related to immigration. The Panel recognizes that many States are enforcing based on their legal frameworks travel ban measures mainly relying on their existing visa application and screening system.
255. The Panel has received no information on violations of travel bans to date. The Panel has however been informed by some States of difficulties in implementation of travel bans due to lack of appropriate information in the lists of designated individuals. For some States, identities of father or mother are important in addition to names, place and date of birth, and passport numbers. The Panel was also informed that certain naming practices common in Iran, such as frequent and repeated use of common names, and wide variations in the ways Farsi names can be transliterated or translated into other languages, pose challenges in enforcement of travel ban measures. These include possible mistaken identifications.
256. Possible use of aliases by designated individuals may be another challenge to enforcement. As an example, the Panel when recommending the designation of Ali Akbar Tabatabaei, an alleged IRGC/Qods Force officer, involved in the Everest (Nigeria) case, the Panel has made sure to include his travelling alias "Sayed Akbar Tahmaesebi."

## **D. CONCLUSIONS**

257. Designations of entities and individuals in a precise and timely manner are vital for effective implementation of sanctions.
258. Elements of the IRGC are engaged in a wide range of activities prohibited under United Nations sanctions, including procurement related to the nuclear and ballistic missile programmes, the smuggling of conventional arms and related materiel, and the establishment of front companies to facilitate transit of prohibited items. Given the use of aliases and ease with which front companies engaged in procurement, for example, can be established, Iran is successfully evading the impact of sanctions designating specific IRGC entities.
259. The relevant Security Council resolution designates only limited number of individuals and entities, which certainly does not cover all IRGC-related individuals and entities involved in Iran's prohibited nuclear and ballistic missile activities, and illicit transfer of arms and related materiel to abroad. The lack of available and reliable information on the IRGC's operations and structure poses practical challenges to Member States in identifying IRGC-related individuals and entities for designation as targets of assets freeze and travel ban or for exercising vigilance over financial and business transactions.
260. The ambiguity surrounding IRISL's entities, coupled with Iran's multiple circumventing measures, continues to raise serious concerns about their engagement in Iran's the procurement and shipment of prohibited items. Existing lists of designated IRISL subsidiaries and affiliates do not contain all entities affiliated to IRISL, which poses a challenge to Member States in its implementation of measures under the relevant Security Council resolutions, especially under paragraphs 18 and 22 of resolution 1929 (2010).

## **E. RECOMMENDATIONS**

261. The Security Council should designate the following individuals and entity referred to in the Panel's report of its inspection in the Everest (Nigeria) incident:<sup>70</sup>
- a. Ali Akbar Tabatabaei (alias Sayed Akbar Tahmaesebi)
  - b. Azim Aghajani (also spelled Adhajani)
  - c. Behineh Trading Co, Tehran, Iran
262. The Security Council should consider, in view of information to be received from Member States, the designation of the following entity also reported to be involved in the Nigeria incident:

---

<sup>70</sup> S/AC.50/2011/Note.19.

- International General Trading and Construction

263. The Security Council should seek additional information from Member States of the following IRISL-affiliated entities, with a view toward eventual designation:

- Hafiz Darya Shipping Lines (HDSL)
- Sapid Shipping

264. The Security Council should review at regular intervals the lists of designated individuals and entities contained in resolution 1929 (2010) and prior resolutions, and to provide as much information as possible in order to facilitate accurate identification of designated individuals in particular.

265. The Security Council should update its information reflecting personnel changes among key IRGC members. The Panel will make such information available to the Committee as appropriate on an ongoing basis.

266. The Security Council should request Member States to provide further information regarding IRGC and IRISL, especially on their specific roles in nuclear and ballistic missile-related activities and illicit arms transfers by Iran, and on individuals and entities owned, controlled.

## **PART III. RECOMMENDATIONS**

### **DESIGNATION OF ENTITIES AND INDIVIDUALS**

1. The Security Council should designate the following individuals and entity referred to in the Panel's report of its inspection in the Everest (Nigeria) incident:<sup>71</sup>
  - d. Ali Akbar Tabatabaei (alias Sayed Akbar Tahmaesebi)
  - e. Azim Aghajani (also spelled Adhajani)
  - f. Behineh Trading Co, Tehran, Iran
2. The Security Council should consider, in view of information to be received from Member States, the designation of the following entity also reported to be involved in the Everest (Nigeria) incident:
  - a. International General Trading and Construction
3. The Security Council should seek additional information from Member States of the following IRISL-affiliated entities, with a view toward eventual designation:
  - a. Hafiz Darya Shipping Lines (HDSL)
  - b. Sapid Shipping
4. The Security Council should review at regular intervals the lists of designated individuals and entities contained in resolution 1929 (2010) and prior resolutions, and to provide as much information as possible in order to facilitate accurate identification of designated individuals in particular.
5. The Security Council should update its information reflecting personnel changes among key IRGC members. The Panel will make such information available to the Committee as appropriate on an ongoing basis.
6. The Security Council should request Member States to provide further information regarding IRGC and IRISL, especially on their specific roles in nuclear and ballistic missile-related activities and illicit arms transfers by Iran, and on individuals and entities owned, controlled.

### **NUCLEAR AND BALLISTIC MISSILE ACTIVITIES**

7. The Security Council should encourage Member States to report incidents of attempted procurement of prohibited ballistic missile and nuclear-related items and technology by Iran, in particular if the attempted procurement has been identified or

---

<sup>71</sup> S/AC.50/2011/Note.19.

prosecuted by national or local law enforcement authorities. Such incidents provide the Panel with necessary information regarding both patterns of procurement and methods of sanctions circumvention.

8. The Security Council should encourage Member States to take particular care with end-user checks during the licensing process of sensitive dual-use items. Special attention should be paid to these items, including those used in Iran's petrochemical sector that could have applications to prohibited nuclear and ballistic missile activities. Member States should also remain vigilant to the possibility of re-transfer/re-export of key items.
9. The Committee, with the assistance of the Panel, should make publicly available via its website, national lists of critical items, as determined by Member States, related to procurement for prohibited nuclear and ballistic missile activities.
10. The Security Council should recommend to all potential uranium suppliers to Iran that basic standards for material control and accounting be established, and that formal bilateral nuclear cooperation agreements be required. This would not apply to uranium contained in fuel elements for light water reactors.

## **CONVENTIONAL ARMS AND RELATED MATERIEL**

11. The Security Council should urge Member States to maintain a high level of vigilance with the aim of interdicting prohibited transfers of arms and related materiel, and to report within the time specified in resolution 1929 (2010) any such incidents to the Committee, and to support the Panel as it seeks to inspect such incidents.
12. The Security Council should recall to Member States the existence of multilateral organizations with accountability and transparency mechanisms for arms transfers, and the existence of United Nations and multilateral protocols and treaties dedicated to curbing illicit transfers of conventional arms, such as the Economic Community for West African States (ECOWAS) Convention.

## **EXPORT CONTROL**

13. The Security Council should update the relevant provisions of resolution 1929 (2010) to reflect the current versions of the control lists referred to in paragraph 13 of the resolution.
14. The Security Council should encourage Member States to make information regarding corporate registrations publicly accessible as a means of identifying Iranian front and/or shell companies as a source of information for the private sector.

15. The Security Council should encourage Member States to provide information, expertise and experience to States whose export control regimes and capacities for effective implementation could be further strengthened.
16. The Security Council should strongly encourage Member States to establish and implement interagency coordinating mechanisms for sanctions implementation.
17. The Security Council should recommend to Member States that, where these do not exist, they incorporate catch-all provisions into export licensing procedures.
18. The Security Council should reach out to the relevant organizations and multilateral export control regimes to discuss the sharing of information regarding suspicious procurement attempts and formal denials, with full consideration for confidentiality requirements.

## **SHIPPING AND TRANSPORTATION**

19. The Security Council should recommend to Member States the use of IMO numbers to allow for accurate identification of IRISL vessels.
20. The Security Council should request Member States to encourage their commercial transportation sector to share information with authorities regarding possible sanctions violations, including suspicious cargo that was rejected for shipment.
21. The Security Council should request Member States to encourage their commercial transportation sector to implement robust internal compliance procedures when doing business with Iran. Such procedures should include vigilance over shipper owned containers, “to order” consignees in bills of lading, and due diligence over all parties involved in the shipment.
22. The Security Council should encourage Member States to exercise effective controls over their flag vessels and aircraft, in particular those vessels owned or controlled by IRISL, in order to ensure that they are not engaged in activities prohibited by sanctions.

## **FINANCIAL AND BUSINESS RESTRICTIONS**

23. The Security Council should request that Member States ensure their banks and financial institutions follow FATF’s Guidances in doing business with Iranian banks.

24. The Security Council should request that FATF's work on the implementation of the financial provisions contained in resolution 1929 (2010) be taken forward with the participation of the Panel.
25. The Security Council should request Member States to provide information on violations of financial sanctions and on Iranian assets that have been frozen as a consequence of implementing sanctions.
26. The Security Council should request Member States to review their regulatory systems' monitoring and auditing procedures on a regular basis to ensure they are not being circumvented.
27. The Security Council should encourage Member States to exert adequate vigilance over currency exchange bureaus within their jurisdictions so that they do not provide a means by which Iran can circumvent financial restrictions.

## **IMPLEMENTATION ISSUES**

28. Given the low rate of reporting regarding the implementation of resolution 1929 (2010) and prior resolutions, the Panel recommends that the Security Council remind Member States of the mandatory nature of their obligations under resolutions. This could take the form of a meeting of the Security Council open to all Member States.
29. Given the overlapping nature of the reports requested from Member States under four resolutions, the Panel recommends that the Security Council mandate the Committee, with the support of the Panel, to initiate a process of streamlining, simplifying and enhancing the implementation reports submitted under all relevant resolutions.
30. As highlighted in some inspections reports, the lack of resources, appropriate facilities and expertise can hamper the ability of some Member States to fulfil their obligations with respect to the disposal of seized items, some of which can be hazardous; the Panel recommends that the Security Council consider forms of assistance to such States, including inter alia bilateral assistance and/or the creation of a voluntary assistance fund.



## ANNEX I: TYPES OF ARMS AND AMMUNITION, MISSILES, EXPLOSIVES, AND OTHER ITEMS SEIZED

Item	<i>Monchegorsk</i> <sup>72</sup> Cyprus 2009	<i>Hansa India</i> Malta 2009	<i>Francop</i> Israel 2009	<i>Everest</i> Nigeria 2010	<i>M/S Finland</i> Italy 2010	<i>Victoria</i> Israel 2011	<i>Ilyushin 76 plane</i> <sup>73</sup> Turkey 2011
Ammunition (7.62mm, 12.7mm, cartridges, BKC/AK-47)	✓		✓	✓		✓	✓
Increments of 120mm mortar shells	✓						
Rockets (107mm, 122mm)			✓	✓			
Fuses (AZ 111-A2 type, 122mm)	✓		✓	✓			
Mortar shells (60mm, 81mm, 120mm)			✓	✓		✓	✓
Anti tank shells (106mm)			✓				
Hand grenades (fragmentation, practice)			✓	✓			
Firing pins				✓			
Anti-ship missiles with command and control units (Nasr 1, Kelvin Hughes naval radars, naval control stations)						✓	
Launchers (C-704)						✓	
Rifles (AK-47)							✓
Machine guns (BKC)							✓
Bullet casings (7.62mm)		✓					
Brass disks (40mm diameter and 7mm thickness)		✓					
Explosives (propellants, powders, and explosives)	✓				✓		

<sup>72</sup> Name of vessel carrying the items.

<sup>73</sup> Type of plane carrying the items.

## ANNEX II: CONCERNED BUSINESS ENTITIES AT ORIGIN AND DESTINATION OF SEIZED CARGOES

Incident	Country of Origin	Exporting Company	Country of Destination	Importing Company
Turkey 2007	Iran	Behnam Shahiyari Trading Company	Syria	Al Joori Trading Company
<i>Monchegorsk</i> Cyprus 2009	Iran	Not Available	Syria	Not Available
<i>Hansa India</i> Malta 2009	Iran	Not Available	Syria	Not Available
<i>Francop</i> Israel 2009	Iran	Behineh Trading Company	Syria	Not Available
<i>Everest</i> Nigeria 2010	Iran	Behineh Trading Company	Nigeria	“To order”
<i>M/S Finland</i> Italy 2010	Iran	Rahkaran Gham Co.	Syria	Saleh Algaber Trading Co.
<i>Victoria</i> Israel 2011	Syria	Ramez Alhabri	Egypt	El-Tarek Company Export/Import Marketing
<i>Ilyushin 76 plane</i> Turkey 2011	Iran	Not Available	Syria	Not Available

### ANNEX III: AMMUNITION, MISSILES, EXPLOSIVES, AND OTHER ITEMS SEIZED BY STATES AND REPORTED TO THE COMMITTEE<sup>74</sup>

AMMUNITION							
Date Reported to 1737 Committee	Type	Quantity	Place of Origin	Place of Destination	Country of Seizure	Name of Ship/ Type of Plane	Shipping/Airline Company
3 February 2009	7.62mmx39mm bullet shells	560 barrels (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
3 February 2009	Increments of 120mm mortar	270 cases (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
3 February 2009	Fuses AZ 111-A2 type	5000 (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
18 November 2009	122mm rockets	690	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	122mm fuses	690	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	107mm rockets	2,125	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	120mm mortar shells	774	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	81mm mortar shells	2,316	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	60mm mortar shells	5,680	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels

<sup>74</sup> Note: The following documents were used to determine the countries of origin and destination: bill of lading for the *MV Everest* incident; cargo manifest for the *Monchegorsk*, *Hansa India*, *Francop*, and *Victoria* incidents; and Turkey's letter to the Committee established pursuant to resolution 1737 (2006) (S/AC.50/2011/COMM.31) for the *Ilyushin 76* plane incident.

The Panel has not conducted a physical inspection of the incidents reported by Cyprus in 2009, Turkey and Israel in 2011.

AMMUNITION							
Date Reported to 1737 Committee	Type	Quantity	Place of Origin	Place of Destination	Country of Seizure	Name of Ship/ Type of Plane	Shipping/Airline Company
18 November 2009	106mm anti tank shells	3,046	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	Fragmentation hand grenades	20,100	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
18 November 2009	7.62mm rounds	566,220	Bandar Abbas, Iran	Latakia, Syria	Israel	Francop	Reederei Bartels
12 November 2010	60mm mortar shells	5,341	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	81mm mortar shells	4,162	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	120mm mortar shells	4,885	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	Fuses	360	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	Hand grenades	640	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	Practice hand grenades	60	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	7.62mm ammunition	1,660,490	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	12.7mm ammunition	40,380	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	Cartridges	75,000	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	107mm rockets	294	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM
12 November 2010	Firing pins	294	Bandar Abbas, Iran	Lagos, Nigeria	Nigeria	MV Everest	CMA-CGM

AMMUNITION							
Date Reported to 1737 Committee	Type	Quantity	Place of Origin	Place of Destination	Country of Seizure	Name of Ship/ Type of Plane	Shipping/Airline Company
28 March 2011	120mm mortar shells (with rocket boosters and a range table)	232	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM
28 March 2011	60mm M61 mortar shells with fuses type AZ111-A2 and range tables	2,280	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM
28 March 2011	Nassr launchers	2	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM
28 March 2011	7.62mm □alibre bullets for Kalashnikov assault riffles	66,240	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM
28 March 2011	AK-47 assault rifles	60	Tehran, Iran	Aleppo, Syria	Turkey	Ilyushin 76 plane	YasAir Cargo Airlines
28 March 2011	BKC (Bixi) machine guns	14	Tehran, Iran	Aleppo, Syria	Turkey	Ilyushin 76 plane	YasAir Cargo Airlines
28 March 2011	BKC/AK-47 ammunition	7920	Tehran, Iran	Aleppo, Syria	Turkey	Ilyushin 76 plane	YasAir Cargo Airlines
28 March 2011	60mm mortar shells	560	Tehran, Iran	Aleppo, Syria	Turkey	Ilyushin 76 plane	YasAir Cargo Airlines
28 March 2011	120mm mortar shells	1288	Tehran, Iran	Aleppo, Syria	Turkey	Ilyushin 76 plane	YasAir Cargo Airlines

MISSILES WITH COMMAND CONTROL UNITS							
Date Reported to 1737 Committee	Type	Quantity	Port of Origin	Port of Destination	Country of Seizure	Name of Ship	Shipping Company
28 March 2011	Nasr 1 (C-704) anti-ship missiles	6	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM
28 March 2011	Kelvin Hughes naval radars	2	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM
28 March 2011	Naval control stations	2	Latakia, Syria	Alexandria, Egypt	Israel	Victoria	CMA-CGM

EXPLOSIVES							
Date Reported to 1737 Committee	Type	Quantity	Port of Origin	Port of Destination	Country of Seizure	Name of Ship	Shipping Company
3 February 2009	Single Hole Propellant SF3-23/1-37 type powder	792 cases (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
3 February 2009	Black powder pellets	600 cases of 50kg each (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
3 February 2009	Single Hole Propellant 15/1 - 365.SBP type	132 cases of 45kg each + 540 cases of 40kg each (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
3 February 2009	Yellow Powder Pellets of approx. 1cm 12/7.SBP type	660 of 62kg each (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
3 February 2009	Black powder pellets 5/7-SBP type	132 cases of 70kg each (est.)	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
23 November 2010	T4 (RDX)	6,780kg (net weight)	Bandar Abbas, Iran	Latakia, Syria	Italy	M/S Finland	Mediterranean Shipping Company

OTHER ITEMS							
Date of Report to 1737 Committee	Type	Quantity	Port of Origin	Port of Destination	Country of Seizure	Name of Ship	Shipping Company
3 February 2009	Bronze brass plates of approx. 5cm diameter and 1cm length	Not specified	Bandar Abbas, Iran	Latakia, Syria	Cyprus	M/V Monchegorsk	IRISL
15 October 2009	Bullet casings of 7.62 x 39 calibre and length 7.62 x 39	12,170,000 (est.)	Bandar Abbas, Iran	Latakia, Syria	Malta	Hansa India	IRISL
15 October 2009	Brass disks of approx. 40mm diameter and approx. 7mm thickness	248,644 (est.)	Bandar Abbas, Iran	Latakia, Syria	Malta	Hansa India	IRISL