

US slaps sanctions on Malaysian branch of Iran's Bank Mellat

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(AFP) – The US Treasury Department on Thursday announced sanctions against the Malaysian subsidiary of Iran's Bank Mellat, which Washington says helps finance the proliferation of weapons of mass destruction.

The Treasury Department said Bank Mellat "has facilitated the movement of millions of dollars for Iran's nuclear program."

Sanctions also were slapped on Bank Mellat chairman Ali Divandari who "plays a significant role" in the bank's "activities and decision-making process."

US officials in 2008 imposed sanctions on three Iranian banks, including Bank Mellat, accusing them of financing weapons proliferation.

Thursday's announcement includes the First East Export Bank PLC, a Mellat subsidiary based in Labuan, Malaysia.

The executive order authorizing the move "freezes the assets of designated proliferators of weapons of mass destruction and their supporters and prohibits US persons from engaging in any transaction with them," the Treasury Department said.

Undersecretary for Terrorism and Financial Intelligence Stuart Levey said that the measure helps "protect the integrity of the US financial system and ensure that banks and regulators around the world are aware that First East Export Bank is in fact, an arm of Bank Mellat."

Mellat is "an institution that has supported Iran's nuclear program in violation of UN Security Council resolutions," Levey said.

Britain in October ordered financial companies to stop trade with Bank Mellat amid alleged nuclear links.

The United Kingdom's Treasury Minister Sarah McCarthy-Fry said the move was taken after Bank Mellat provided services to an organization "connected to Iran's proliferation-sensitive activities."

Western powers suspect Iran's nuclear program is aimed at making atomic weapons, a charge Tehran denies.

The once wholly state-owned Bank Mellat began a process of privatization earlier this year with the aim of selling 80-percent ownership over two years.*****PM wants closer banking ties with Iran

TEHERAN: The banking and financial sectors of Malaysia and Iran should work more closely together to facilitate trade between the two countries.

Prime Minister Datuk Seri Abdullah Ahmad Badawi said Malaysian and Iranian banks should explore the potential and enhance cooperation in Islamic banking and finan-ce.

Citing the interest of Iran's Mellat Bank to open an offshore branch in Labuan, he said the presence of the bank in Malaysia would support the development of various economic activities between Iran and Malaysia.

"When this project becomes a reality, it will be another milestone in the area of financial cooperation between our two countries.

"On the issue of financing, I am aware that a Malaysian company involved in certain construction projects in Iran has encountered some difficulties in obtaining the services of the Exim Bank of Malaysia," he said, adding that the problem was being addressed. Cordial ties: Ahmadinejad greeting Abdullah upon the latter's arrival at his presidential office in Teheran Monday. Abdullah is on a four-day official visit to Iran. - TEH ENG HOCK / The Star

Abdullah was speaking at a delegation meeting at the office of Iranian President Mahmoud Ahmad- inejad yesterday.

Among the Malaysian delegates are Foreign Minister Datuk Seri Rais Yatim, Home Minister Datuk Seri Syed Hamid Albar, Works Minister Datuk Mohd Zin Mohamed and Deputy Science, Technology and Innovation Minister Fadhilah Yusof.

Abdullah said investments between both countries had increased, with Malaysian companies Petronas and SKS Ventures being given the opportunity to participate in the oil and gas sector.

In return, he said, the National Iranian Oil Company had agreed to supply crude oil and condensate to two refineries in Malaysia.

"Iran is now Malaysia's third largest trading partner in the Middle East. In 2007, our bilateral trade amounted to US\$1.042bil (RM3.63bil) as compared to US\$1.022bil (RM3.56bil) in 2006," he said. Abdullah, accompanied by Ahmadinejad, had earlier inspected the guard-of-honour upon arrival at the presidential office. - The Star, 23 December 2008