



## It's complicated: a timeline of Australia–Iran relations in a historical perspective

Nina Markovic  
Foreign Affairs, Defence and Security Section

### Contents

Introduction .....	1
Timeline of Australia–Iran relations before the United Nations Security Council (UNSC) sanctions.....	1
Pre 1968: an era of informal engagement.....	1
Engagement in multilateral forums .....	2
Bilateral diplomacy .....	3
From 1968 to the Islamic Revolution of 1979.....	5
The Islamic Revolution and the US hostage crisis .....	9
1980s: an uneasy decade.....	10
The business focus before the Iranian nuclear crisis .....	13
2002–2010: the nuclear issue .....	16
Australia's responses .....	18
The end of Australia's unique relationship with Iran?.....	19
2010–2013: UNSC diplomacy.....	21
Conclusion.....	26





Figure 1: Map of Iran<sup>1</sup>

The author would like to specially thank colleagues from the Parliamentary Library and independent reviewers for their valuable comments on the earlier versions of this paper.

1. University of Texas, 'Iran: political map, 2001', Perry-Castañeda Library Map Collection, viewed 11 December 2012, [http://www.lib.utexas.edu/maps/middle\\_east\\_and\\_asia/iran\\_pol01.jpg](http://www.lib.utexas.edu/maps/middle_east_and_asia/iran_pol01.jpg)

## Introduction

This Background Note seeks to contextualise Australia's bilateral relationship with the Islamic Republic of Iran upon the 45<sup>th</sup> anniversary of diplomatic relations, and at a time when the potential for military conflict is escalating.<sup>2</sup> It canvasses key milestones and events in the bilateral relationship from 1945 to the present.<sup>3</sup> It argues that one of the key continuities in the post-1945 relationship has been the difficulty involved in balancing what has traditionally been a relatively strong bilateral trade relationship with Australia's broader non-proliferation and global security interests. Concern over the nuclear program and state-sponsored terrorism in recent years has shifted the balance in favour of a focus on security issues and, consequently, towards the position of Australia's key partners (especially the United States (US), United Kingdom (UK), Canada and the European Union (EU)) on sanctions. This 'rebalance' will only be sharpened (and the scope to follow a more independent policy diminish) if Iran continues down the nuclear path and the likelihood of a military solution increases. Iran's continuing resistance to provide appropriate assurances about the objectives of its nuclear program is increasing inter-state tensions in the volatile Middle East region, prompting Israel to strengthen its military capacities in the lead-up to the potential conflict.

## Timeline of Australia–Iran relations before the United Nations Security Council (UNSC) sanctions

### Pre 1968: an era of informal engagement

The relationship between Australia and Iran in the 1950s and 1960s was primarily commercial in nature and was characterised by informal engagement.<sup>4</sup> Economic engagement with Iran during this

- 
2. Jay Carney, Press Secretary of the White House, said: 'We have been clear that the United States is determined to prevent Iran from acquiring a nuclear weapon. And we have also been clear that we believe there is still time to resolve this issue diplomatically.' The White House, Office of Press Secretary, *Press briefing by Press Secretary Jay Carney 2/21/2013*, United States Government, Washington, 21 February 2013, viewed 15 February 2013, <http://www.whitehouse.gov/the-press-office/2013/02/21/press-briefing-press-secretary-jay-carney-2212013>; the Defence Secretary of the United States (US) Government was also reported as saying in March 2013 that the 'window is closing' on diplomacy with Iran. A Levine, 'US commander says Iran sanctions not working', *Cable News Network (CNN)*, 5 March 2013, viewed 6 March 2013, <http://edition.cnn.com/2013/03/05/politics/iran-sanctions>. For commentary see Kemp and J Gay, 'The price of war with Iran', *The Australian*, 22 February 2013, viewed 25 February 2013, <http://www.theaustralian.com.au/opinion/world-commentary/the-price-of-war-with-iran/story-fnfi3iga-1226582937079>; M Golovina, 'Iran pulls back from nuclear bomb goal: Israeli defence minister', *Reuters*, 30 October 2012, viewed 25 February 2013, <http://www.reuters.com/article/2012/10/30/us-iran-israel-idUSBRE89T1GT20121030>
  3. For a previous study on this topic, see RJ Bookmiller, *Engaging Iran: Australian and Canadian relations with the Islamic Republic*, Gulf Research Centre, Dubai, 2009, viewed 1 February 2013, [http://www.millersville.edu/government/files/Engaging\\_Iran1.pdf](http://www.millersville.edu/government/files/Engaging_Iran1.pdf)
  4. In 1964, 16 per cent of Australia's oil imports came from Iran; A Luchetti (Member for Macquarie), 'Question: national fuel policy', House of Representatives, *Debates*, 12 May 1964, viewed 14 December 2012, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1964-05-12%2F0110%22>

period produced a balance of trade in Iran's favour until 1968–69, when official relations were established. Before then, the UK officially represented Australia's interests in Tehran.<sup>5</sup>

Declassified documents from the National Archives of Australia (NAA) reveal that informal dialogue existed between Australia and Iran at the Ambassadorial level in third countries. On 29 December 1948, the Iranian Ambassador in Washington, Hussein Ala, wrote to the Australian Ambassador in Washington, Norman Makin, to:

Reiterate [his] desire to collaborate with [Australia's] mission in furthering the cordial relations which have always existed between our two countries.<sup>6</sup>

Two major areas of informal engagement characterised bilateral relations before 1968:

- engagement through the organs of the United Nations (UN), of which both countries were founding members, and in other multilateral organisations and
- bilateral issues and exchanges (short of full diplomatic relations) that included visits, trade and the exchange of congratulatory messages through the Governor-General's Office.

### **Engagement in multilateral forums**

In 1946–47, Australia served as a non-permanent member on the UNSC for the first time.<sup>7</sup> During this period, Australian diplomats found themselves dealing with numerous Middle East issues, including the Iranian crisis, as described below.<sup>8</sup> It was one of the earliest cases of Australia directly engaging with Iran in a multilateral setting.

Dr Roderic Pitty from the University of Western Australia observed that the Iranian crisis occurred because of the delayed withdrawal of Soviet troops from northern Iran after the Second World War.<sup>9</sup> Australia's official diplomatic historian, Dr David Lee, notes that Iran complained in writing to the UNSC—during the Security Council's first Presidency, headed by the former Australian Minister for the Navy, Norman Makin—that the regional situation risked becoming very tense because of the continued Soviet presence in Iran.<sup>10</sup> Deputy leader of the Australian delegation, Herbert Evatt,

---

5. RJ Bookmiller, op. cit., p. 19.

6. National Archives of Australia, NAA: A3300, 946, p. 2. Ambassador Makin continued with Iran engagement when he became the first President of the UNSC in January 1946, as will be later outlined.

7. For a brief summary of Australia's temporary seat on the United Nations Security Council, see N Markovic, 'Australia wins seat on United Nations Security Council: what next?', *Flagpost*, 19 October 2012, viewed 22 February 2013, <http://parliamentflagpost.blogspot.com.au/2012/10/australia-wins-seat-on-united-nations.html>

8. For a good account of this period, see C Waters, 'Australia, the Security Council and the Iranian crisis of 1946: liberal institutionalism in practice', *Australian Journal of Political Science* 28(1), 1993, pp. 83–97, cited in RJ Bookmiller, op. cit., p. 33. For resolutions during this period see United Nations website, 'Security Council resolutions', no date, viewed 13 February 2013, <http://www.un.org/en/sc/documents/resolutions/index.shtml>

9. R Pitty, 'Australia and UN reform', in J Cotton and D Lee, eds, *Australia and the United Nations*, Department of Foreign Affairs and Trade, Commonwealth of Australia, Canberra, 2012, pp. 379–408, p. 387.

10. Australia presided over the UNSC in 1946 from 17 January to 16 February, and in January 1947. See D Lee, 'Australia and the Security Council', in J Cotton and D Lee, op. cit., pp. 66–104.



argued at the time that, despite objections from the Soviet Union, the UNSC should resolve the Iranian-Soviet dispute by agreeing to a date when the issue could be thoroughly investigated.<sup>11</sup>

An official Australian diplomatic cable of 28 January 1946 indicated that ‘the Australian delegation was instructed not to side with the three Western powers, but instead to support the fullest possible Security Council investigation of Iran, and to use this opportunity to ensure that the Security Council should operate impartially, considering the interests of all states, great and small’.<sup>12</sup> The Iranian-Soviet crisis hence contributed to Australia developing a distinct approach towards Iran that was different from that of its allies. In 1948, a Member of the House of Representatives, Leonard Hamilton, also observed in federal parliament that countries with access to the Indian Ocean, including Iran, are important for Australia since ‘trouble within their borders may jeopardise our security’.<sup>13</sup>

Other multilateral fora in which Australia had diplomatic dealings with Iran included the Colombo Plan and the Economic Commission for Asia and the Far East (ECAFE).<sup>14</sup> Both organisations sought to advance economic and social development of their members. Iran attended the ECAFE meeting for the first time when it was held in Australia in 1959—a sign that Iran considered Australia as an important partner despite the absence of full diplomatic relations.<sup>15</sup> In 1966, Iran joined the Colombo Plan (of which Australia was a founding nation) and through this scheme Australia provided technical assistance to Iran in the form of training awards.<sup>16</sup>

## **Bilateral diplomacy**

In 1950, the Tasmanian *Examiner* reported that the US was providing Iran with financial, technical and limited military assistance to contain the political influence of the Soviet Union.<sup>17</sup> Between 1951 and 1953, Australian newspapers also reported on developments surrounding the Anglo-Iranian oil crisis (the so-called Abadan crisis).<sup>18</sup> It erupted after the Iranian Prime Minister, Mohammed Mossadegh, nationalised Iran’s oil reserves and expelled Western companies from the oil refineries

---

11. Ibid.

12. Ibid.

13. L Hamilton, ‘Question: Addresses in reply’, House of Representatives, *Debates*, 9 September 1948, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1948-09-09%2F0068%22>

14. For more information, see Department of Foreign Affairs and Trade, *Australia and the Colombo Plan 1949-1957*, no date, viewed 13 February 2013, [http://www.dfat.gov.au/publications/colombo\\_plan/](http://www.dfat.gov.au/publications/colombo_plan/)

15. This was also a year in which the Shah of Iran visited the UK, which was after two years reciprocated by the Queen’s visit to Iran in 1961. RJ Bookmiller, op. cit., p. 21.

16. Australian Bureau of Statistics, *Australian Government Yearbook 1969*, Commonwealth of Australia, Canberra, 1970, p. 108.

17. ‘Iran offered US aid’, *Examiner*, 2 January 1950, p. 7; U Yarasekera, *The Colombo Plan at 60*, *The Sunday Times*, 26 June 2011, viewed 13 February 2013, [http://www.sundaytimes.lk/110626/Plus/plus\\_05.html](http://www.sundaytimes.lk/110626/Plus/plus_05.html)

18. The Englishman William D’Arsey first discovered oil in Persia in 1908, establishing the Anglo-Persian Oil company in 1909. In 1953, Mossadegh was overthrown in a US-sponsored coup, and by 1954, the crisis with the UK was finished and Western companies returned to Iran. For further reading, see MA Heiss, *Empire and Nationhood: The United States, Great Britain, and Iranian Oil, 1950–54*, Columbia University Press, New York, 1997.

in Abadan city.<sup>19</sup> This move adversely affected British commercial interests in Iran and was followed by the closure of British consulates across Iran in January 1952.<sup>20</sup>

Australia's Foreign Minister Richard Casey said at the time of the crisis:

The United States of America, in past years, has helped Iran in both military and civil development in the same way as it has helped a great many other countries that are trying to re-establish their economies or increase the scope of their developmental projects. I understand that American aid is not now forthcoming to afford budgetary assistance to the Iranian Government.<sup>21</sup>

Fearing Soviet influence in Iranian domestic politics, the UK and the US supported a coup in Iran (in what is now known as Operation Ajax) which installed General Fazlollah Zahedi as Prime Minister in August 1953 under the pro-US Shah Mohammad Reza Pahlavi's increasingly absolutist control.<sup>22</sup>

On 20 February 1956, an agricultural commodity agreement was signed between the US and Iran. Foreign Minister Casey explained its possible effects for Australia to the commonwealth parliament, as there were fears on the Australian side that the US-Iranian deal may adversely affect Australian economic interests in the Gulf.<sup>23</sup> The *Australia Yearbook 1957* indicated that at the time Iran was one of Australia's more important trading partners outside the Commonwealth of Nations.<sup>24</sup>

- 
19. Two decades later on 1 June 1972, Iraq also nationalised the Iraq Petroleum Company (the largest producer of crude oil in the country, which was previously owned by a consortium of foreign companies).
  20. The formal representation of Australian interests in Iran was affected by the temporary closure of British missions in Iran, with Australian Prime Minister Menzies supporting the British position. 'Britain closes Iran consulates', *Morning Bulletin*, 22 January 1952, p. 1. Interestingly, Germany opened its diplomatic mission in Tehran in 1952. Germany, Ministry of Foreign Affairs, *Islamic Republic of Iran*, September 2012, viewed 11 January 2013, [http://www.auswaertiges-amt.de/EN/Aussenpolitik/Laender/Laenderinfos/01-Nodes/Iran\\_node.html](http://www.auswaertiges-amt.de/EN/Aussenpolitik/Laender/Laenderinfos/01-Nodes/Iran_node.html)
  21. R Casey (Minister for External Affairs), 'Question Iran: speech', House of Representatives, 1 October 1951, viewed 10 January 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1952-10-01%2F0054%22>; E Drury, 'Question: Iran', House of Representatives, *Debates*, 8 October 1951, viewed 10 January 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1952-10-08%2F0030%22>; for other parliamentary discussions in Hansard see: <http://parlinfo.aph.gov.au/parlInfo/search/summary/summary.w3p;adv=yes;orderBy=customrank;page=0;query=iran%20Date%3A01%2F01%2F1950%20%3E%3E%2031%2F12%2F1952;resCount=Default>
  22. A photo in Time magazine's visual history of Shah M. Reza Pahlavi's life depicts him coming back from Rome on a plane in a mission supported by the British and US Governments. D Kessel, 'The rise and fall of the Shah of Iran', *Time Magazine*, no date, viewed 14 February 2013, [http://www.time.com/time/photogallery/0,29307,1872024\\_1826084,00.html](http://www.time.com/time/photogallery/0,29307,1872024_1826084,00.html)
  23. R Casey (Minister for External Affairs), 'Agreement between United States of America and Iran', House of Representatives, *Debates*, 4 September 1956, viewed 8 January 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1956-09-04%2F0157%22>
  24. Australian Bureau of Statistics, *Australia Yearbook 1957*, 'Trade', Commonwealth of Australia, Canberra, 1958, p. 339, viewed 9 January 2013, [http://www.ausstats.abs.gov.au/ausstats/free.nsf/0/8934AA2EA73983F3CA2573AD00200433/\\$File/13010\\_1957%20section%2010.pdf](http://www.ausstats.abs.gov.au/ausstats/free.nsf/0/8934AA2EA73983F3CA2573AD00200433/$File/13010_1957%20section%2010.pdf)

Trade seemed to have driven the relationship forward, and by 1958:

Iranian officials were quietly approaching their Australian counterparts at the UN General Assembly about the exchange of diplomatic posts. A courtship had begun, with Iran making the initial diplomatic advances.<sup>25</sup>

During a visit to Australia by an Iranian Foreign Ministry official in July 1960, the Iranian Government raised the prospect of establishing full diplomatic relations. Iran also proposed that a high-ranking Australian official sign an air transport agreement, rather than a representative from the UK embassy in Tehran. In December 1960, Australia sent the then Minister of Civil Aviation, Shane Paltridge, to sign the document establishing direct air links with Iran, which provided a scope for closer exchanges of people and commodities. In 1961, the Australian Government considered establishing a trade mission in Tehran, but 'fears of instability in Iran delayed the dispatch of a trade commissioner'.<sup>26</sup> Significant changes in the UK's external affairs policy in the mid to late 1960s, which saw the withdrawal of much of the British military forces from Southeast Asia and the Gulf, increased the need for an independent Australian diplomatic presence in Iran.<sup>27</sup> By 1968, both Iran and Iraq became exclusive exporters of dates to Australia.<sup>28</sup> Iran was also one of the top ten importers of Australian wool.<sup>29</sup> The increase in bilateral trade provided a key rationale for the upgrade in relations between the two as Iran became Australia's third largest export market in the Middle East, behind Saudi Arabia and Kuwait.<sup>30</sup>

## **From 1968 to the Islamic Revolution of 1979**

During this period, Iran was in the midst of implementing a 12-point program known as the White Revolution. It included land and administrative reforms, amendment of electoral law, as well as wide-ranging social and economic reforms initiated by the Shah in the 1960s, and intended to make Iran a 'modern and progressive state'.<sup>31</sup> However, domestic opposition to the reforms was underreported, and it grew in significance towards the end of the 1970s.

In September 1968, Australia established full diplomatic relations with Iran and opened an embassy in Tehran. Francis Barrington Hall, a career officer with the Department of External Affairs, became Australia's first Ambassador to Iran.<sup>32</sup> An official publication by the Department of Foreign Affairs

---

25. RJ Bookmiller, op. cit., p. 24.

26. Ibid., p. 26.

27. Ibid., p. 27.

28. Australian Bureau of Statistics, *Australian Government Yearbook 1968*, Commonwealth of Australia, Canberra, 1969, p. 908. This was significant as the two countries became close partners of Australia in the Middle East, so that the Iran-Iraq war adversely impacted on Australian exports to both of these countries.

29. Ibid., p. 928.

30. Ibid.

31. Department of External Affairs, 'Iran—the White Revolution', *Current notes on international affairs*, vol. 42, no. 7, Commonwealth of Australia, Canberra, July 1971, pp. 353–361.

32. Paul Hasluck (Minister for External affairs), *Australian Ambassador to Iran*, media release, 20 August 1968, viewed 14 December 2012,

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F793434%22>

observed that the Australian and Iranian Governments agreed in principle in 1965 to exchange diplomatic representatives. The same source noted that the Minister for Foreign Affairs, William McMahon, said on 17 December 1970 that the Iranian Ambassador to Indonesia, Bahman Ahanin, had been accredited to Australia on a non-resident basis, whereby:

The appointment of Mr Bahman Ahanin reflects the mutual interest of Australia and Iran in developing further bilateral relations between the two countries which are also linked through their common membership of the Asian regional organisations, ECAFE and the Colombo Plan.<sup>33</sup>

Australian Bureau of Census and Statistics data demonstrated that Australia's exports to Iran were valued at A\$9.3 million in 1966–67; A\$5.4 million in 1967–68, A\$7.2 million in 1968–69 and A\$14.8 in 1969–70.<sup>34</sup> Only one year after the establishment of diplomatic relations, Australian exports to Iran doubled, making it Australia's top customer in the region. Australia also became Iran's top supplier of meat.<sup>35</sup>

In March 1969, an Australian trade delegation visited Iran. Its report drew attention to the 'increased tempo of business activity in the area'.<sup>36</sup> Australia also participated in the Second Asian International Trade Fair in Tehran. The then Deputy Prime Minister and Minister for Trade and Industry John McEwen said of the Fair:

Items sold at the Australian Pavilion during the Fair totalled approximately \$300,000 and included galvanised steel sheet, zinc, wool tops, wood working machinery, industrial boilers, builders' hardware, window louvres and pre-fabricated grain storage silos. Some hundreds of trade enquiries had been received and a number of new agency agreements concluded in a relatively new market for Australia.<sup>37</sup>

In October 1971, the Governor-General Sir Paul Hasluck visited Iran for the official celebrations of 2500 years of Persian history, which were held across several cities in Iran. An official publication by the Department of Foreign Affairs noted:

---

33. Department of Foreign Affairs, *Current notes on international affairs*, vol. 41, Commonwealth of Australia, Canberra, 1970, p. 641.

34. The first three financial years were taken from Commonwealth Bureau of Census and Statistics, *Official Year Book of the Commonwealth of Australia*, no. 56, Commonwealth of Australia, Canberra, 1970, pp. 302–303; Commonwealth Bureau of Census and Statistics, *Official Year Book of the Commonwealth of Australia*, no. 57, Commonwealth of Australia, Canberra, 1971, pp. 289–298.

35. *Ibid.*

36. J McEwen (Deputy Prime Minister and Minister for Trade and Industry), *Report shows prospects in Middle East for Australian exporters*, media release, 23 June 1969, viewed 14 December 2012, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F1026925%22>

37. J McEwen (Deputy Prime Minister and Minister for Trade and Industry), *Australia's participation at E.C.A.F.E. second Asian International trade fair, Tehran*, media release, 5 November 1969, viewed 14 December 2012, [http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/1026988/upload\\_binary/1026988.pdf;fileType=application%2Fpdf#search=%22iran%22](http://parlinfo.aph.gov.au/parlInfo/download/media/pressrel/1026988/upload_binary/1026988.pdf;fileType=application%2Fpdf#search=%22iran%22)



Attendance by the Governor-General demonstrated the importance which the Australian Government attaches to its relationship with Iran.<sup>38</sup>

The Shah's desire to extend relations with other countries in the Indian Ocean Rim was part of his economic, military and political strategy. The Shah also supported the idea of a nuclear weapons-free Middle East and of establishing a common economic market for the Indian Ocean region, a region where Australia was determined to play a more prominent role.<sup>39</sup> In January 1973, Ambassador Hossein Eshraghi presented his credentials, paving the way for the Shah's state visit to Australia in 1974.<sup>40</sup>

In May–June 1974, an Australian trade and economic delegation visited Iran, following a visit by an Iranian economic mission to Australia in April, which had come to learn about Australian trade and investment regulations.<sup>41</sup> The Australian delegation's report indicated that Australian exports to Iran grew as a result of higher economic growth in Iran and increased living standards that led to a more sustained demand for imported goods. It also highlighted that Iran was looking to Australia as a source of 'assured supplies of food', and noted Iran's interest in expanding the scope for investment in Australia for this purpose.<sup>42</sup> An Iranian Agricultural Minister visited Australia in July 1974 in order to advance talks in this area and to seek Australia's technical assistance in agriculture.

The Shah and his wife, Empress Farah, visited Australia in September 1974.<sup>43</sup> They met in Canberra on 20–21 September with the Governor-General John Kerr and Prime Minister Gough Whitlam who extended the highest honours to the visiting royals.<sup>44</sup> During the Shah's visit, the two countries started discussing the prospect of Australian access to oil and Iran's access to Australian uranium.<sup>45</sup> The trade agreement, which was signed on 25 September 1974 and entered into force on 11

---

38. Department of Foreign Affairs, *Current notes on international affairs*, vol. 42, no. 10, October 1971, Commonwealth of Australia, Canberra, p. 562.

39. At that time, the Shah also enjoyed a prominent influence in the White House and on US President Nixon's Middle East policy. R Alvandi, 'Nixon, Kissinger, and the Shah: The Origins of Iranian Primacy in the Persian Gulf', *Diplomatic History*, vol. 36, no. 2, April 2012, pp. 337–371

40. RJ Bookmiller, *op. cit.*, p. 31.

41. Australian Department of Overseas Trade, *Iran: trading opportunities*, Report of the Australian trade and economic mission to Iran, Commonwealth of Australia, Canberra, May–June 1974, p. 5.

42. *Ibid.*

43. Australian newspapers followed with keen interest the life of Iran's royal family and its first woman regent, Empress Farah. The Australian Women's Weekly ran a feature about the Shah's family leading up to the milestone anniversary of Persian history in October 1971. R Davis, 'Iran's royal family', *The Australian Women's Weekly*, 20 October 1971, pp. 19–23, viewed 1 March 2013, <http://nla.gov.au/nla.news-article43739006>; The Governor General, Sir Paul Hasluck, and Lady Hasluck represented Australia at the Iranian national celebration, which was one of the largest gatherings of royals at that time. R Davis, 'Iran's 2500<sup>th</sup> anniversary celebrations', *The Australian Women's Weekly* (1933–1982), 3 November 1971, pp. 113–117, viewed 1 March 2013, <http://nla.gov.au/nla.news-article43201755>

44. State visit by their Imperial Majesties the Shahanshah Aryamehr and the Shahbanou of Iran: working program for the Australian Capital Territory, 20 to 21 September 1974.

45. M Harris, *The origins of Australia's uranium export policy*, Background note, 2011, Parliamentary Library, Canberra, 2 December 2011, viewed 13 February 2013, [http://www.aph.gov.au/About Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BN/2011-2012/UraniumPolicy](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2011-2012/UraniumPolicy)

November 1974, encouraged trade diversification and called on Australian and Iranian enterprises to collaborate and conclude long-term contracts.<sup>46</sup> The agreement had a positive influence on trade as Australian exports to Iran rose from \$29 million in 1972 to \$173 million in 1978 (current prices).<sup>47</sup> A committee was established to identify appropriate areas of industrial and technical co-operation between the two countries.

During the Shah's visit, Prime Minister Gough Whitlam and Iranian Foreign Minister, Allas Ali Khatami, signed a cultural agreement on 25 September 1974. The cultural relations agreement, which entered into force on 2 June 1975, was ambitious, with both partners pledging to 'investigate means of co-operation in such fields as education, literature, music, theatre, arts, science and other educational activities'.<sup>48</sup> Commitments also included the provision of education and technical scholarships, encouraging visits and exchanges of teachers, researchers, technical experts, students and members of cultural societies. It is unclear how much of this kind of exchange actually occurred between Iran and Australia before the Islamic revolution of 1979.<sup>49</sup>

In March 1975, several prominent Australian officials visited Iran in what became known as the 'Australian Fortnight'. These included the Governor-General, the Foreign Minister, the Agricultural Minister, the Deputy Prime Minister and the Queensland Premier, as well as the then President of the Australian Council of Trade Unions, Bob Hawke.<sup>50</sup> Governor-General Kerr observed during this visit:

For our part it is only recently that we have come to recognise the Middle East and the Persian Gulf as a region of significance in its own right and of relevance and importance to Australia. It is only now that we are beginning to see ourselves as part of a wider region which embraces Iran also, a region in which the Indian Ocean is no longer a moat which separates us, but a highway which links us.<sup>51</sup>

In August 1976, Deputy Prime Minister and Minister for Overseas Trade, John Douglas Anthony, the Leader of the National Country Party, led a ministerial delegation to Iran, during which he discussed

- 
46. Department of Foreign Affairs and Trade, *Trade Agreement between the Government of Australia and the Imperial Government of Iran (Canberra, 25 September 1974)*, Entry into force: 11 November 1974, Australian Treaty Series no. 22, Australian Government Publishing Service, Commonwealth of Australia, Canberra, viewed 1 March 2013, <http://www.austlii.edu.au/au/other/dfat/treaties/1974/22.html>
  47. Department of Foreign Affairs and Trade, *Direction of trade time series: Australia: 1972–1990*, Commonwealth of Australia, Canberra, 1991, p. 8.
  48. Cultural Agreement between Australia and Iran, Canberra, 25 September 1974, Entry into force: 2 June 1975, Australian Treaty Series 1975 no. 28, Australian Government Publishing Service, Commonwealth of Australia, Canberra, viewed 1 March 2013, <http://www.austlii.edu.au/au/other/dfat/treaties/1975/28.html>
  49. Regarding people-to-people links, a former advisor on Women's affairs to the Whitlam Government, Elizabeth Reid, went to Iran in 1976 to advise on women's issues as interim director of a new UN project in Tehran, Asia and Pacific Centre for Women and Development. This was the world's first regional centre set up to examine the status of women. 'Fighting for basic women's rights in Iran's male-dominated society', *The Australian Women's Weekly*, 31 August 1977, p. 53, viewed 1 March 2013, <http://nla.gov.au/nla.news-article51604125>
  50. RJ Bookmiller, op. cit., p. 31.
  51. Speech delivered by Governor-General Sir John Kerr at the state banquet in Tehran on 8 March 1975, cited in RJ Bookmiller, op. cit., p. 31.

with the Iranian Government the status of Australian companies in Iran.<sup>52</sup> In September 1976, Anthony spoke positively about the contribution of Australian mining companies to uranium exploration in Iran:

[I] was informed that the Peko-Wallsend group received a contract with the Iranian Atomic Energy Commission to search for uranium in Iran. I think it is a great tribute that we do have the expertise among our mining companies in Australia to meet international competition for these sorts of contracts. I am very pleased that Australian companies can win such contracts and make a contribution to the development of other countries around the world.<sup>53</sup>

In November–December 1976, an Australian economic mission visited Iran to assess mining opportunities and recommend how best Australian skills could be used to develop the Iranian mining sector. The delegation's report observed that Iran lacked trained people, reliable infrastructure and long-term coordinated policy on mining, areas which Australia could assist Iran with.<sup>54</sup> Technical cooperation between Australian and Iranian companies in the mining sector also demonstrated that Australia's economic base with Iran had diversified by the end of the 1970s. By mid-1978, on the eve of the Islamic revolution, Iran had become Australia's 13<sup>th</sup> largest trading partner.<sup>55</sup>

### **The Islamic Revolution and the US hostage crisis**

During the 1978–79 Islamic revolution diplomatic relations were strained between the West and Iran.<sup>56</sup> The Australian Government recognised the provisional government of Mehdi Bazargan and by mid-1979 had resumed trade with Iran after it had been temporarily disrupted by domestic events in Iran.<sup>57</sup>

In November that year, during the exiled Shah's medical treatment in the US, a militant student group stormed the US embassy in Tehran, holding US citizens hostage for 444 days. The interim government in Iran had issued an arrest warrant for the Shah and the Empress of Iran. Australia supported the US during the crisis, joining the international trade embargo against Iran in April 1980

- 
52. M Fraser (Prime Minister of Australia), Ministerial arrangements, House of Representatives, *Debates*, 17 August 1976, viewed 1 February 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1976-08-17%2F0003%22>
  53. JD Antony (Deputy Prime Minister and Minister for Overseas Trade), Uranium prospecting: Iran, House of Representatives, *Debates*, 22 September 1976, viewed 1 February 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansardr80%2F1976-09-22%2F0074%22>
  54. Australian Department of Overseas Trade, *Mining industry opportunities in Iran*, Report of the Mining Equipment and Services Trade mission to Iran, Commonwealth of Australia, Canberra, November–December 1976, p. 7.
  55. RJ Bookmiller, op. cit., pp. 33, 42–44.
  56. J Verrier, *The Revolution in Iran: its origins and significance, its course and consequences nationally and internationally*, Department of the Parliamentary Library, Canberra, 23 March 1979.
  57. RJ Bookmiller, op. cit., p. 33.

and imposing a prohibition on all non-food and non-medical trade with Iran.<sup>58</sup> Australia's Trade Commissioner, Terry Hunt, was recalled to Canberra. However, the Australian Minister for Foreign Affairs, Andrew Peacock, stated that Australia would not close down its Tehran embassy.<sup>59</sup> The Australian Department of External Affairs' annual report for 1979–80 states:

The Australian Government condemned the occupation of the Embassy in November and made strong representation to the Iranians about this action, taken in defiance of Iran's obligations under the Vienna Convention on Diplomatic Relations. Australia supported multilateral efforts in a variety of forums to obtain the release of the hostages.<sup>60</sup>

Draft UNSC sanctions against Iran were vetoed by the Soviet Union.<sup>61</sup> Australia resumed full trade with Iran following the release of the hostages on 20 January 1981 and Trade Commissioner Hunt returned to Tehran.<sup>62</sup>

## 1980s: an uneasy decade

Migration from Iran to Australia before the Iranian revolution of 1978–79 was composed of primarily service workers.<sup>63</sup> By 1981, the Australian Government instituted a special humanitarian assistance program for members of the Baha'i faith fleeing religious persecution.<sup>64</sup> Baha'i Library Online noted:

With the overthrow of the Shah in 1979, the situation of the Bahá'ís in Iran deteriorated dramatically, and reports of persecution, imprisonment and execution gained world-wide media attention. In Australia, a series of motions in the Australian Parliament's upper and lower houses between 1981 and 1983, ... oriented the Australian Government's policy toward positive representation on behalf of the Iranian Bahá'í community.

The government discussed the issue of the treatment of the Bahá'ís with the Iranian Charge d'Affairs in Australia, and supported resolutions on behalf of the Bahá'ís in the UN General Assembly and the International Commission of Human Rights in Geneva. The government also sought to balance its

---

58. S Carrick, 'Question: US sanctions against Iran', Senate, *Debates*, 22 April 1980, viewed 14 December 2012, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansards80%2F1980-04-22%2F0142%22>

59. A Peacock (Minister for Foreign Affairs), *Embassy in Tehran*, media release, 30 November 1979.

60. Department of Foreign Affairs, *Annual report 1979–80*, Commonwealth of Australia, Canberra, 1980, p. 56.

61. S Carrick, 'Question: Iran', Senate, *Debates*, 30 April 1980, viewed 14 December 2012, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22hansard80%2Fhansards80%2F1980-04-30%2F0138%22>

62. The movie 'Argo' which depicts the hostage crisis from a Western viewpoint, recently sparked controversy in Iran after it won the best film Oscar. J Zakaria, 'Hardline Iranians outraged with Argo Oscar win, Ben Affleck speech', *Hollywood reporter*, 25 February 2013, viewed 1 March 2013, <http://www.hollywoodreporter.com/news/hardline-iranians-outraged-argo-oscar-424336>

63. Department of Immigration and Citizenship (DIAC), *Community information summary: Iran-born*, DIAC website, viewed 1 February 2013, [http://www.immi.gov.au/media/publications/statistics/comm-summ/\\_pdf/iran.pdf](http://www.immi.gov.au/media/publications/statistics/comm-summ/_pdf/iran.pdf); In 2011, 36 168 people in Australia claimed Iranian ancestry. Australian Bureau of Statistics, *Census of Population and Housing 2011*, viewed 1 December 2012, <http://www.abs.gov.au/census>

64. B Neswadarani, 'Iranians', J Jupp (ed.), *The Australian People*, Cambridge University Press, Victoria, 2001, pp. 441–443.

support for religious freedoms in Iran with the need to retain good political relations with Iran, realising the potential that existed for the expansion of trade relations.<sup>65</sup>

The outbreak of the Iran-Iraq war in September 1980 prompted more Iranians to seek refuge in Australia. The war also affected Australia's trade with both Iran and Iraq, two of its largest export markets in the Middle East. Following Iraq's use of chemical weapons against Iran, the Australian Government played a key role in bringing international attention to this issue with the Australian scientist, Dr Peter Dunn, leading the UN investigation team which was dispatched to the war zone.<sup>66</sup>

The Department of Foreign Affairs' 1982–83 annual report said:

The Australian Government and Parliament reiterated their deep concern about the persecutions of Baha'is in Iran and about the general human rights situation in the country. Difficulties in Australia's bilateral relations with Iran culminated in the expulsion by Iran of two staff members of the Australian Embassy in Tehran in December (1982). Australia in turn expelled two Iranian diplomats.<sup>67</sup>

The first Australian Minister to visit Iran after the Islamic Revolution was the Minister for Primary Industries and Energy, John Kerin, in 1984 as the Hawke Labor Government sought to reinvigorate trade with Iran. Over the next year, Australian Wheat Board representatives visited Tehran, and in July 1985, John Lander, a Farsi speaker, became Australia's first full-time Ambassador to Iran since the hostage crisis. Once again, trade became a driving force advancing Australia's relationship with the Islamic Republic of Iran. When Australia served on the UNSC in 1985–86, it encouraged Iran-Iraq peace talks in private sessions of the UNSC.<sup>68</sup> In 1986, Australia made representation to Iran and Iraq about attacks on civilian shipping in the Gulf, whilst also expressing concern at the potential for increased conflict from 'new deployment of sophisticated weapons'.<sup>69</sup>

In 1987, two Australian diplomats (Trade Commissioner and First Secretary) were expelled from Iran after the Iranian Ambassador to Australia, Ahmed Attari, took offence to a cartoon on Australian Broadcasting Corporation (ABC) TV that satirised the Iranian Spiritual Leader, Ayatollah Khomeini in a mock interview. *The Australian* reported in August 1988 that Australia was at the forefront of

---

65. G Hassal, 'Persian Baha'is in Australia', in *Religion and Ethnic Identity. An Australian Study*, Abe Ata, ed, Victoria College & Spectrum, Melbourne, 1989, reproduced in *Baha'i Library Online*, no date, viewed 1 March 2013, [http://bahai-library.com/hassall\\_persian\\_bahais\\_australia](http://bahai-library.com/hassall_persian_bahais_australia)

66. The team's work later contributed to the UNSC statement (S/17932) in 1986 during Australia's term on the UNSC which specifically condemned Iraq for using chemical weapons. RJ Bookmiller, op. cit., p. 47. See United Nations Security Council, Annex to the Letter dated 30 July 2002 from the Chargé d'affaires a.i. of the Permanent Mission of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General, 2 August 2002, viewed 1 March 2013, <http://www.iranwatch.org/international/UNSC/unsc-s2002860-irancomm-080202.pdf>

67. Department of Foreign Affairs, *Annual report 1982–83*, Commonwealth of Australia, Canberra, 1983, p. 67.

68. Australia also assisted in drafting a resolution which provided a basis for the agreement that ended the war a few years later. R Pitty, *Australia and UN reform*, op. cit., p. 391.

69. Department of Foreign Affairs, *Annual report 1986–87*, Commonwealth of Australia, Canberra, 1987, p. 15.



countries 'vying for billion-dollar contracts to rebuild the economies of Iran and Iraq, left in a shambles after 8 years of war'.<sup>70</sup>

The Department of External Affairs' 1987–88 annual report described the Gulf region as a 'dangerous area' where armed clashes between US and Iranian forces culminated in 'the tragic accidental shooting-down of an Iranian passenger aircraft', resulting in the death of 290 passengers.<sup>71</sup> The same report emphasised that Australian's diplomacy in the Middle East was aimed at promoting the peaceful settlement of disputes, including the conflict between Iran and Iraq, in which Australia had remained neutral.<sup>72</sup> Australia contributed 15 military personnel to the United Nations Iran-Iraq Military Observer Group (UNIIMOG), which supervised the 1988 armistice between the two countries.

The Minister for Foreign Affairs, Bill Hayden, met with his Iranian counterpart in August 1988 (following Iran's ceasefire with Iraq) in order to improve commercial relations. Hayden said that both sides 'recognised the need for improved security and free passage for international civilian shipping in the Gulf'.<sup>73</sup> A joint statement issued following the bilateral meeting said that the two Ministers would also 'study ways of expanding relations between the two countries in political, economic and cultural fields'.<sup>74</sup> Australia also sent military observers as part of the UN mission, to the Iranian side of the border with Iraq to supervise the ceasefire.<sup>75</sup>

In November 1988, Primary Industries and Energy Minister John Kerin said following his second visit to Iran:

Australia and Iran have had a sustained trading relationship and Iran is now one of the largest destinations for Australian exports to the Middle East. There remains, however, a need to broaden, strengthen and develop the trading relationship. Australia is well placed to provide training opportunities for Iranian technologists in several high priority fields including natural resource management, agricultural and livestock production and metal extraction.<sup>76</sup>

Following Ayatollah Khomeini's calls in 1989 for the death of Salman Rushdie, the author of the book *The Satanic Verses*, Australia was under international pressure to withdraw its Ambassador to Iran, which, unlike Canada and some members of the European Communities, it had not done.<sup>77</sup> Iran was

---

70. 'Australian lead in rebuilding Gulf', *The Australian*, 12 August 1988.

71. Department of Foreign Affairs, *Annual report 1987–88*, Commonwealth of Australia, Canberra, 1988, p. 10.

72. Ibid., p. 47. During the Iran- Iraq war, Australia rejected a request from Iran for hospital beds in Australia to treat wounded soldiers, citing neutrality. 'Australia rejects Iranian plea to care for war victims', *The Age*, 8 April 1988.

73. 'Hayden in Iran', *The Australian Financial Review*, 12 August 1988.

74. B Hayden (Minister for Foreign Affairs), *Joint Statement on Political Relations between Australia and the Islamic Republic of Iran*, media release, 11 August 1988.

75. J Kerin (Minister for Primary Industries and Energy), *Trade and technological cooperation with Iran*, media release, 30 November 1989.

76. United Nations website, *Iran-Iraq UNIIMOG*, no date, viewed 14 December 2012, <http://www.un.org/en/peacekeeping/missions/past/uniimogbackgr.html>

77. This topic was a matter of controversy between Iran and Australia, however, trade was deemed to be a very important element of the bilateral relationship which drove it further. M Bruer, R Yallop and P Bone, 'Australia condemns Iran's call for Rushdie's death', *The Age*, 22 February 1989.

Australia's largest export market in the Middle East at the time, with two-way trade in goods exceeding \$500 million. The then Minister for Foreign Affairs and Trade Gareth Evans hoped that Australia's two-way trade with Iran would eventually exceed \$1 billion.<sup>78</sup> The Department of Foreign Affairs and Trade 1989–90 annual report noted that Australia 'took opportunities to encourage both Iran and Iraq to implement UNSCR 598 in full and to work towards a permanent peace settlement'.<sup>79</sup> Australia maintained a contingent of 15 army officers to the UN Iran/Iraq Military Observer Group to monitor the ceasefire.

## The business focus before the Iranian nuclear crisis

Australia's relationship with Iran in the 1990s was primarily focused on expanding trade relations. Towards the end of the decade, a formal human rights dialogue was also incorporated into the bilateral meetings, although this was short-lived. Australia also provided humanitarian assistance to Iran following a devastating earthquake in June 1990.<sup>80</sup> In August 1990, a business mission led by Australia's Minister for Trade Negotiations, Dr Neal Blewett, visited Iran in the first convening of the joint ministerial commission after the 1979 revolution.<sup>81</sup> It provided both countries with an opportunity to explore the expansion of trade and cooperation in other fields. DFAT's 1990–91 annual report noted that Iran was Australia's largest market in the region, with annual exports valued at around \$600 million.<sup>82</sup>

In May 1991, Foreign Minister Velayati became the highest ranking Iranian official to visit Australia after 1979. Minister Velayati held discussions with Foreign Minister Gareth Evans about the proposed chemical weapons convention, a convention which Australia was promoting in the UN. During the same year, a 45-member Iranian trade delegation visited Australia.<sup>83</sup>

In retaliation for the bombing of Mujahideen-e-Khalq (MeK) bases in Iraq by the Iranian Air Force, in April 1992 the MeK supporters conducted simultaneous attacks on Iranian embassies in eleven countries.<sup>84</sup> On 6 April 1992 the Iranian embassy in Canberra was overrun by a group of protestors, during which property was damaged and staff were injured.<sup>85</sup> Foreign Minister Gareth Evans said in parliament on 18 April 1992:

---

78. G Evans (Minister for Foreign Affairs), *Diplomatic appointment: Iran*, media release, 22 November 1990.

79. Department of Foreign Affairs and Trade, *Annual report 1989–90*, Commonwealth of Australia, Canberra, 1990, p. 67.

80. 'Australia offers to help', *The Sydney Morning Herald*, 23 June 1990.

81. Department of Foreign Affairs and Trade, *Annual report 1990–91*, Commonwealth of Australia, Canberra, 1991, p. 60.

82. *Ibid.*

83. RJ Bookmiller, *op. cit.*, p. 53.

84. For background information, see N Brew, *Behind the Mujahideen-e-Khalq (MeK)*, research note, no. 43, 2002–03, Parliamentary Library of Australia, Canberra, 16 June 2003, viewed 25 November 2011, <http://www.aph.gov.au/library/pubs/rn/2002-03/03rn43.htm>

85. Senator Tate (Minister for Justice), 'Answer to questions: Iranian embassy', Senate, *Debates*, 18 August 1992, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F1992-08-18%2F0166%22>

The Government was seriously concerned at inadequacies in the official response to threats to the Iranian Embassy in Canberra on Monday 6 April 1992 which led to a violent incident involving injury to persons and considerable damage to property.<sup>86</sup>

The Australian Government promised to cover the cost of the damage. When Foreign Minister Evans visited Tehran in May 1992, it was agreed in principle that Iran would open a consulate in Sydney.<sup>87</sup> Iranian delegations visited Australia in 1994 and 1995. Trade relations continued to deepen during this period. Iran was the largest importer of Australian meat, wheat and coal from the Middle East.<sup>88</sup> In 1996–97, Australia's exports to Iran were worth \$925 million (up from \$541 million the previous year of), making Iran Australia's 20<sup>th</sup> largest export destination.

On 9 May 1995, the Minister for Foreign Affairs, Gareth Evans, said in parliament in response to a question without notice, which had implied Iran had links with state-sponsored terrorism:

What matters is what Iran's behaviour actually is and what the Australian government can do, if anything, to influence it. There certainly has been longstanding high-level Iranian government support for organisations like Hezbollah and Hamas, intense opposition expressed to Israel and the Middle East peace process and little respect shown for the human rights of political and religious dissidents. The Australian government has found these positions deeply unpalatable and has consistently said so. We also remain concerned about Iran's intentions in relation to the acquisition of nuclear and chemical weapons capability. But our generally cordial relationship with Iran and the strong trade and commercial links between our two countries have put us in a strong position to maintain a much more direct and critical dialogue with the Iranians on these issues than would otherwise have been possible.<sup>89</sup>

The trade relationship between Australia and Iran was challenged in 1996 when the US Government introduced the Iran-Libya Sanctions Act to curtail transactions between foreign economic entities and these two countries.<sup>90</sup> Concerned about protecting the trade relationship between Australia and Iran, Australian Trade Minister Tim Fischer disagreed with the US approach and voiced his concerns to the US Government. Minister Fischer said:

Extraterritorial measures are inconsistent with basic principles of international law. They seek to impose punitive measures on third-country investors and impinge on the sovereignty of other countries. Australia

---

86. G Jones, 'Question without notice: Iranian embassy attack', Senate, *Debates*, 18 April 1992, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F1992-04-28%2F0009%22>

87. Department of Foreign Affairs and Trade, *Annual report 1993–94*, Commonwealth of Australia, Canberra, 1994, viewed 14 December 2012, [http://www.dfat.gov.au/dept/annual\\_reports/93\\_94/1\\_4.html](http://www.dfat.gov.au/dept/annual_reports/93_94/1_4.html)

88. RJ Bookmiller, op. cit., p. 55.

89. G Jones, 'Question without notice: Iran', Senate Hansard, 9 May 1995, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F1995-05-09%2F0032%22>

90. For implications of these and other rounds of Western-led sanctions against Iran, see E Sadeghi-Boroujerdi, *Sanctioning Iran: Implications and Consequences*, Oxford Research Group, 8 November 2012, viewed 1 March 2013, <http://www.isn.ethz.ch/isn/Digital-Library/Articles/Special-Feature/Detail/?lng=en&id=154566&tabid=1453376804&contextid774=154566&contextid775=154565>

argues that the most effective way for the US to achieve foreign policy objectives is to work closely and cooperatively with its partners. My colleague the Minister for Foreign Affairs and I during recent visits to Washington have expressed to senior representatives of the US administration and to Congress our opposition to such legislation.<sup>91</sup>

Notwithstanding this concern to protect trade, in mid-1997 Australia temporarily recalled Ambassador Stuart Hume from Iran after all 15 European Union members recalled their Ambassadors in response to a German court finding that Iran was officially sponsoring acts of international terrorism. Foreign Minister Downer said in parliament:

The April, 1997 “Mykonos” verdict, issued by the German Supreme Court, was the first time that a court of law drew an explicit connection between a terrorist act and the Iranian Government. The verdict implicated “the highest levels” of the Iranian Government in the 1992 assassination of Kurdish opposition leaders in Berlin. Australia, along with over eighty other countries, maintains full diplomatic relations with Iran.<sup>92</sup>

It was evident that the crisis was resolved when Australia signed a Memorandum of Agreement on line-of-credit facilities with the Iranian Government, whilst also negotiating better access for Australian barley to Iran over the course of the same financial year.<sup>93</sup> In March 1999, Minister Fischer led a trade delegation to Tehran. He said following the visit:

In Iran, I was pleased to help facilitate, with Trevor Flugge and other members of the Australian Wheat Board, this latest member of the Export Finance and Insurance Corporation—the sale of 1.3 million tonnes of wheat in that direction—and reflect on the changes which are taking place in Iran, some would argue not enough but, nevertheless, the changes under President Khatami—and I was pleased to be able to meet with him.<sup>94</sup>

In its 1999–2000 annual report, DFAT noted that the economic relationship with Iran had expanded to include new opportunities for technical cooperation and investment in mining, energy and

- 
91. T Fischer (Minister for Trade), Answer to ‘Questions without notice: Companies: United States Law’, House of Representatives, *Debates*, 26 June 1996, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F1996-06-26%2F0036%22>
  92. A Downer (Minister for Foreign Affairs), ‘Questions on notice: Iran: Relations with Australia’ Question 2116, House of Representatives, *Debates*, 30 September 1997, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F1997-09-30%2F0118%22>
  93. Department of Foreign Affairs and Trade, *Annual report 1997–98*, Commonwealth of Australia, Canberra, 1998, viewed 14 December 2012, [http://www.dfat.gov.au/dept/annual\\_reports/97\\_98/subprog14.html](http://www.dfat.gov.au/dept/annual_reports/97_98/subprog14.html); Department of Foreign Affairs and Trade, *Annual report 1996–97*, Commonwealth of Australia, Canberra, 1997, viewed 14 December 2012, p. 107, [http://www.dfat.gov.au/dept/annual\\_reports/96\\_97/dfat9697.pdf](http://www.dfat.gov.au/dept/annual_reports/96_97/dfat9697.pdf)
  94. Trevor Flugge was later implicated in the Australian Wheat Board scandal in Iraq. See C Overington, *Kickback. Inside the Australian Wheat Board scandal*, Allen & Unwin, Sydney, 2007. T Fischer (Minister for Trade), ‘Questions without notice: Trade: East Asia, India, Middle East’, House of Representatives, *Debates*, 8 March 1999, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F1999-03-08%2F0058%22>

tourism.<sup>95</sup> In April 2000, Australia and Iran exchanged draft trade agreements. DFAT's 2000–01 annual report observed:

Reformist President Khatami's re-election in June 2001 justified our efforts to develop Australia–Iran relations and should facilitate further development of the relationship.<sup>96</sup>

A 2001 report of the Joint Standing Committee on Foreign Affairs and Trade inquiry into Australia's relations with the Middle East observed:

The environment within which Australia's interests are pursued in the Middle East has, according to DFAT, been enhanced by such factors as the political advances **made by reformists in Iran** and progress toward cooperation between Saudi Arabia and Iran.<sup>97</sup> (emphasis added)

Deputy Prime Minister and Minister for Trade, Tim Fischer, first discussed the possibility of a human rights dialogue with Iran in 1999.<sup>98</sup> Under its Human Rights Small Grant Scheme, between 1998 and 2001 Australia donated A\$48 266 in funding for projects that provided legal advocacy and support services to women and children in Iran.<sup>99</sup> In July 2000, during a visit to Iran, Australia's Minister for Foreign Affairs, Alexander Downer, engaged Iran in discussions on human rights. At the same time, the EU was conducting discussions on human rights with Iran. A bilateral human rights dialogue 'which had been a longstanding Australian policy objective' was announced during the Iranian Foreign Minister's visit to Australia in 2002.<sup>100</sup> However, following the uncovering of Iran's active uranium enrichment program, the feasibility of a second round of dialogue quickly diminished.

## 2002–2010: the nuclear issue

Iran's covert uranium-enrichment activities came to the forefront of global non-proliferation discussions in 2002, resulting in several rounds of international negotiations which pressured Iran to temporarily halt uranium enrichment activities.<sup>101</sup> This led to the Tehran Agreement of October

---

95. Department of Foreign Affairs and Trade, *Annual report 1999–2000*, Commonwealth of Australia, Canberra, 2000, viewed 14 December 2012, [http://www.dfat.gov.au/dept/annual\\_reports/99\\_00/2/1/1.1.4.html](http://www.dfat.gov.au/dept/annual_reports/99_00/2/1/1.1.4.html)

96. Department of Foreign Affairs and Trade, *Annual report 2000–01*, Commonwealth of Australia, Canberra, 2001, viewed 20 November 2011, [http://www.dfat.gov.au/dept/annual\\_reports/00\\_01/s02/02\\_1-1-4.html](http://www.dfat.gov.au/dept/annual_reports/00_01/s02/02_1-1-4.html)

97. Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's relations with the Middle East*, September 2001, p. 52, viewed 1 March 2013, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=jfadt/middle\\_east/merptindx.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfadt/middle_east/merptindx.htm)

98. Joint Standing Committee on Foreign Affairs, Defence and Trade, *Australia's Human Rights Dialogue Process*, September 2005, Commonwealth of Australia, Canberra, p. 6.

99. Joint Standing Committee on Foreign Affairs, Defence and Trade, *More than just talk: Australia's human rights dialogues with China and Vietnam*, 20 August 2012, viewed 1 March 2013, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives\\_Committees?url=jfadt/hrdialoguechinavietnam/report/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfadt/hrdialoguechinavietnam/report/index.htm)

100. Department of Foreign Affairs and Trade, *Annual report 2001–02*, Commonwealth of Australia, Canberra, 2002, viewed 20 November 2011, [http://www.dfat.gov.au/dept/annual\\_reports/01\\_02/pdf/dfat\\_ar\\_full.pdf](http://www.dfat.gov.au/dept/annual_reports/01_02/pdf/dfat_ar_full.pdf)

101. For background information, see M Harris, 'The Iranian nuclear program', *Briefing book for the 43<sup>rd</sup> Parliament*, Parliamentary Library, Parliament of Australia, 12 October 2010, viewed 12 December 2012,



2003, signed by Iran and the E-3 (the UK, France and Germany), in which Iran agreed to suspend uranium enrichment activities. In return, the E-3 promised to supply Iran with modern technology once the peaceful nature of its nuclear program was verified. Iranian President Khatami said during a military parade in Tehran in 2004 that Iran will continue with the nuclear program for 'peaceful purposes'.<sup>102</sup> This statement confirmed Western fears that even under a moderate leadership the Iranian uranium enrichment program was seen as a key element of the country's national security.<sup>103</sup>

Following the June 2005 presidential election of the nationalist and conservative Mahmoud Ahmadinejad, Iran continued with uranium enrichment-related activities, including nuclear research, claiming that the purpose behind its uranium enrichment activities was civil, scientific and peaceful, that is, for the production of electricity and for medical research.<sup>104</sup> The Iranian embassy noted:

As the Great Leader and other high-ranking officials of the Islamic Republic of Iran have repeatedly announced, Weapons of Mass Destruction (WMDs) including nuclear weapons do not have any place in Iran's defence doctrine.<sup>105</sup>

Nonetheless, UNSC sanctions against Iran were implemented in 2006.<sup>106</sup> On 23 December 2006, UNSC Resolution 1737 introduced international sanctions against Iran and the Iran Sanctions Committee 1737 was established to monitor implementation.<sup>107</sup> The UNSC sanctions were extended under UNSC resolutions 1747 (March 2007), 1803 (March 2008), reaffirmed with UNSC resolutions 1835 (September 2008) and 1887 (September 2009), and strengthened with UNSC resolution 1929

---

[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook43p/iraniannuclearprogram](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook43p/iraniannuclearprogram)

102. 'N-program will go on, says Khatami', *West Australian*, 22 September 2004, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressclp%2FXCYD6%22>
103. Department of State (US Government), 'Iran sanctions', no date, viewed 15 February 2013, <http://www.state.gov/e/eb/esc/iransanctions/index.htm>; IAEA and Iran, no date, viewed 15 February 2013, <http://www.iaea.org/newscenter/focus/iaeairan/index.shtml> D Barnes, 'Iran Boosts Uranium Enrichment Capacity: IAEA', *The Nuclear Threat Initiative*, 22 February 2013, viewed 1 March 2013, <http://www.nti.org/gsn/article/iran-iaea-safeguards/>
104. For an in-depth analysis of Iran's domestic politics, see US Institute of Peace, *The Iran Primer*, viewed 21 December 2012, <http://iranprimer.usip.org/>; 'Iran to address nuclear concerns if rights respected: Mehmanparast', *Press TV*, 8 January 2013, viewed 10 January 2013, <http://presstv.com/detail/2013/01/08/282451/iran-ready-to-address-nuclear-concerns/>
105. Islamic Republic of Iran's Ministry of Foreign Affairs, *Basic facts about Iran's peaceful nuclear activities*, Embassy to Norway, viewed 1 February 2013, <http://iranembassy.no/en/6.htm>
106. Kenneth Katzmann from the Congressional Research Service argued, however, that 'the principal objective of international sanctions—to compel Iran to verifiably confine its nuclear program to purely peaceful uses—has not produced that outcome to date'. K Katzmann, 'Iran sanctions', *Congressional Research Service*, 13 September 2012, viewed 14 December 2012, <http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=115768>
107. United Nations, *Security Council imposes sanctions on Iran for failure to halt uranium enrichment activities*, media release, 23 December 2006, viewed 14 December 2012, <http://www.un.org/News/Press/docs/2006/sc8928.doc.htm>

(June 2010).<sup>108</sup> EU sanctions against Iran had a profound effect on Iran's oil revenues and economy more broadly.<sup>109</sup>

## Australia's responses

Following the Iranian uranium enrichment program's international exposure in 2002, when Minister Downer visited Iran in May 2003 he expressed Australia's serious concern about the issue.<sup>110</sup>

Minister Downer also said:

I know that the United States, the United Kingdom and many other countries appreciate the very significant role Australia plays throughout the world in the war against terrorism and the influence Australia was able to bring to bear on a country like Iran, in encouraging Iran to be a good deal more decisive in the action it takes against al-Qaeda than has been the case in the past.<sup>111</sup>

In June 2003, the Australian Federal Police raided the homes of Iranian Australians reportedly suspected of involvement with the Iranian opposition group, the MEK.<sup>112</sup> Although the MeK is not currently a proscribed organisation in Australia, funding this organisation is banned by the Australian Government.<sup>113</sup>

The concerns about Iran's nuclear program and 'Australia's important trade interests there' were communicated in high-level meetings with Iranian representatives. The Australian officials:

... contributed to concerted international efforts to convince Iran to maintain suspension of its uranium enrichment-related and plutonium separation activities. Through ministerial and diplomatic contacts, we continued to emphasise to Iran that it must cooperate fully with the IAEA to resolve outstanding questions about its nuclear program.<sup>114</sup>

---

108. Security Council Report, 'Iran: UN documents', viewed 14 December 2012,

<http://www.securitycouncilreport.org/iran/>

109. J Pawlak, 'EU sanctions target Iran oil, gas, tanker companies', *Reuters*, 16 October 2012, viewed 5 February 2013, <http://www.reuters.com/article/2012/10/16/us-iran-nuclear-eu-idUSBRE89F08N20121016>; R Gladstone, 'A new sign of distress as Iran's currency falls', *New York Times*, 1 October 2012, viewed 5 February 2013,

[http://www.nytimes.com/2012/10/02/world/middleeast/irans-rial-plummets-against-the-dollar.html?\\_r=0](http://www.nytimes.com/2012/10/02/world/middleeast/irans-rial-plummets-against-the-dollar.html?_r=0); see also

Human Rights Watch, *Iran: consolidating power as elections near*, 31 January 2013, viewed 5 February 2013,

<http://www.hrw.org/news/2013/01/31/iran-consolidating-power-elections-near>

110. Department of Foreign Affairs and Trade, *Annual report 2002–03*, Commonwealth of Australia, Canberra, 2003, viewed 20 November 2011, [http://www.dfat.gov.au/dept/annual\\_reports/02\\_03/performance/1/1.1.4.html](http://www.dfat.gov.au/dept/annual_reports/02_03/performance/1/1.1.4.html)

111. A Downer (Minister for Foreign Affairs), Answer to 'Questions without notice', Foreign Affairs: Terrorism, House of Representatives, *Debates*, 28 May 2003, viewed 23 April 2013,

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F2003-05-28%2F0040%22>

112. N Brew, 'Delisting the Mujahideen-e-Khalq (MeK)', *Flagpost*, 5 December 2012, viewed 12 December 2012,

<http://parliamentflagpost.blogspot.com.au/2012/12/delisting-mujahideen-e-khalq-mek.html>

113. Ibid.

114. Department of Foreign Affairs and Trade, *Annual report 2004–05*, Commonwealth of Australia, Canberra, viewed 20 November 2011, [http://www.dfat.gov.au/dept/annual\\_reports/04\\_05/performance/1/1.1.8.html](http://www.dfat.gov.au/dept/annual_reports/04_05/performance/1/1.1.8.html)

When an Australian parliamentary delegation visited Iran and other Gulf countries in 2004, it recommended that possible areas of bilateral cooperation between Australia and Iran were in the mining, agricultural, education and training sectors.<sup>115</sup> Therefore, trade still played a significant role in Australia's position on Iran, despite the growing attention given to the Iranian uranium enrichment program. In 2005–06, DFAT reported that Australia:

... worked to maintain pressure on Iran to comply with its Nuclear Non-Proliferation Treaty safeguards obligations and cooperate fully with the IAEA. [Australia was also] a leading advocate of the [IAEA] Board's February 2006 Resolution reporting Iran's non-compliance to the UN Security Council.<sup>116</sup>

In high-level discussions with the Iranian Government in 2005–06, Australian officials demanded that Iran allow International Atomic Energy Agency (IAEA) inspectors to visit all nuclear program sites of concern.<sup>117</sup> The IAEA has published a series of reports concerning Iran, some of which show that Iran has not halted its program but accelerated it.<sup>118</sup>

## The end of Australia's unique relationship with Iran?

An expert on Iran-Australia relations, Dr Robert Bookmiller, has said that Australia's and Canada's respective policies towards Iran have been about diplomatic engagement for many decades:

As middle powers, unencumbered by a colonial or imperial past, Canberra and Ottawa have had wider diplomatic opportunities in relation to Iran not available to their Western counterparts after the 1979 Revolution. Yet the intensity of Canadian and Australian relations with their long-time allies has often placed them at diplomatic odds with all sides. In the end, while frequently leery of Iran's intentions, Australia and Canada have been reluctant to isolate or contain the Islamic Republic of Iran, and instead, they have adopted policies which engage the Islamic Republic.<sup>119</sup>

According to the website of the Australian embassy in Tehran, the Australian Government still sees value in continuing a diplomatic presence in Iran in order to project a 'positive and accurate image of

---

115. House of Representatives, Joint Standing Committee on Foreign Affairs, Defence and Trade, Report of the Parliamentary Delegation to the Gulf States, 'Australia's trade and investment relations with the Gulf States', June 2004, pp. 26–31, viewed 14 December 2012,

[http://www.aph.gov.au/house/info/pro/del\\_reports/gulf%20states%20visit%20report.pdf](http://www.aph.gov.au/house/info/pro/del_reports/gulf%20states%20visit%20report.pdf); Parliamentary Delegation to the Islamic Republic of Iran and the Hashemite Kingdom of Jordan, Senate Debates, 6 March 2003, viewed 14 December 2012,

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansards%2F2003-03-06%2F0171%22>

116. Department of Foreign Affairs and Trade, *Annual report 2005–06*, Commonwealth of Australia, Canberra, 2006, viewed 20 November 2011, [http://www.dfat.gov.au/dept/annual\\_reports/05\\_06/performance/1/1.1.8.html](http://www.dfat.gov.au/dept/annual_reports/05_06/performance/1/1.1.8.html)

117. Department of Foreign Affairs and Trade, *Annual report 2005–06*, Commonwealth of Australia, Canberra, 2006, viewed 13 January 2013, [http://www.dfat.gov.au/dept/annual\\_reports/05\\_06/performance/1/1.1.8.html](http://www.dfat.gov.au/dept/annual_reports/05_06/performance/1/1.1.8.html)

118. IAEA's interaction with Iran is described here: <http://www.iaea.org/newscenter/focus/iaeaيران/index.shtml>

119. RJ Bookmiller, op. cit., p. 17

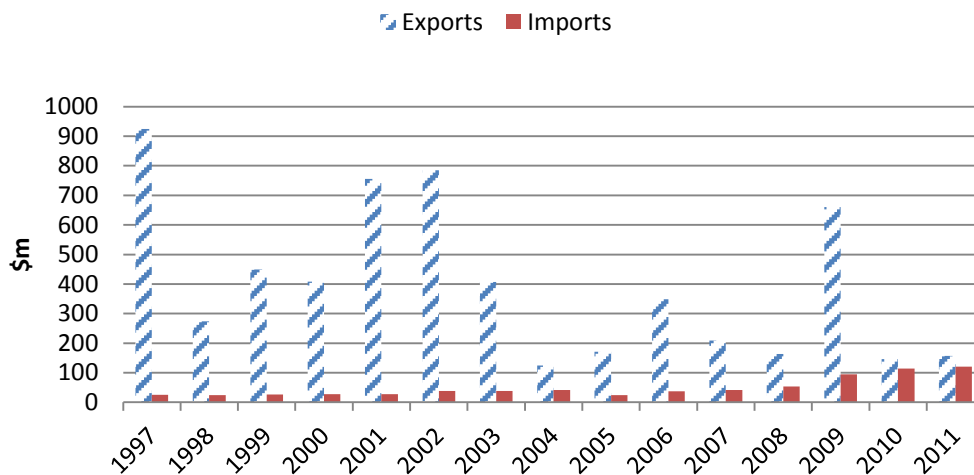
Australia' and protect national interests.<sup>120</sup> DFAT, however, has noted the Government's concerns about Iran's human rights record:

The Australian Government remains deeply concerned about the human rights situation in Iran, including the use of capital punishment, in particular for juvenile offenders; violations of political and media freedoms; and discrimination against religious and ethnic minorities. The Government has repeatedly and strongly urged the Iranian authorities to respect the human rights of its citizens. Australia has expressed these concerns in multilateral fora, including the UN General Assembly and the UN Human Rights Council.<sup>121</sup>

Over the past year, the Australian Government opted to widen the scope of Australia's domestic sanctions against Iran whilst seeking to reduce Australia's reliance on Iranian oil and gas resources.<sup>122</sup> As the graph below indicates, while imports from Iran declined from \$121 million in 2011 to \$64 million in 2012, exports to Iran in the same period rose from \$157 million to \$205 million. Australia's principal exports to Iran today comprise foodstuffs (barley, wheat, meat, and butter), while principal imports are liquefied propane and butane, floor coverings and fruit and nuts, as well as lime, cement and construction materials.<sup>123</sup> In 2010, Australia was Iran's 28<sup>th</sup> principal export destination, and Iran was Australia's 39<sup>th</sup> principal import source.<sup>124</sup>

- 
120. The Australian embassy in Tehran in 2012 also funded projects that helped youth gain access to education. Australian Embassy in the Islamic Republic of Iran, *Development cooperation: Direct Aid program*, Department of Foreign Affairs and Trade, Commonwealth of Australia, no date, viewed 15 February 2013, <http://www.iran.embassy.gov.au/tran/cooperation.html>
  121. Department of Foreign Affairs and Trade, *Australia and Iran*, 15 May 2012, viewed 15 February 2013, [http://www.dfat.gov.au/geo/iran/iran\\_country\\_brief.html](http://www.dfat.gov.au/geo/iran/iran_country_brief.html)
  122. The Canadian Government closed down its embassy in Tehran in 2012. Prior to the severing of diplomatic relations Canada's relations with Iran were at the consular level. R Ahren, 'No other countries likely to follow Canada's lead in severing ties with Iran', *The Times of Israel*, 9 September 2012, viewed 1 March 2013, <http://www.timesofisrael.com/no-other-countries-likely-to-follow-canadas-lead-in-severing-ties-with-iran/>. For a list of Australian sanctioning measures in response to the Iranian nuclear crisis, see Iran Watch, 'Government documents: Australia', *Wisconsin Project on Nuclear Arms Control*, 2013, viewed 15 February 2013, <http://www.iranwatch.org/government/Australia/>
  123. Department of Foreign Affairs and Trade, 'Composition of trade: 2011', July 2012, pp. 2010–11, viewed 12 December 2012, <http://www.dfat.gov.au/publications/stats-pubs/cot-cy-2011.pdf>
  124. Department of Foreign Affairs and Trade, 'Fact sheet: Iran', September 2012, viewed 12 December 2012, <http://www.dfat.gov.au/geo/fs/psia.pdf>

Graph: Australia–Iran trade, year ending 30 June



Source: Parliamentary Library, April 2013

## 2010–2013: UNSC diplomacy

There are four types of sanctions currently imposed on the Islamic Republic of Iran:

- the United Nations Security Council (UNSC) sanctions (following UNSC Resolutions 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010))<sup>125</sup>
- sanctions of the US Government (first US sanctions were enacted in 1979)<sup>126</sup>
- the European Union (EU) sanctions against Iran (in place since 2007)<sup>127</sup>
- and various unilateral sanctioning measures against Iran (by Australia since 2008, by Canada since 2010, by South Korea since 2010 and by Switzerland since 2011).<sup>128</sup>

The sanctions against Iranian oil imports have crippled Iranian economic growth.<sup>129</sup>

125. Department of Foreign Affairs and Trade, *UN Security Council sanctions: Iran*, Commonwealth of Australia, Canberra, no date, viewed 15 February 2013, [http://www.dfat.gov.au/un/unsc\\_sanctions/iran.html](http://www.dfat.gov.au/un/unsc_sanctions/iran.html); see also the webpage of the Security Council Committee established pursuant to resolution 1737 (2006), no date, viewed 1 March 2013, <http://www.un.org/sc/committees/1737/index.shtml>

126. The US Government has implemented the toughest sanctions regime in its history against Iran, which has affected the Iranian economy and Iran's trade relations globally. The White House Office of Press Secretary, *Press briefing by Press Secretary Jay Carney, 2/21/2013*, op. cit.; J Ryan, 'United States: US Sanctions On Iran: 2012 Year In Review', *Mondaq*, 4 March 2013, viewed 5 March 2013, [http://www.mondaq.com/unitedstates/article.asp?article\\_id=224682&signup=true](http://www.mondaq.com/unitedstates/article.asp?article_id=224682&signup=true); US Department of the Treasury, *Iran sanctions*, US Government, Washington, no date, viewed 1 March 2013, <http://www.treasury.gov/resource-center/sanctions/Programs/pages/iran.aspx>

127. European Commission, *Restrictive measures in force (Article 215 TFEU)*, European External Action Service (EEAS) website, 21 February 2013, viewed 1 March 2013, [http://eeas.europa.eu/cfsp/sanctions/docs/measures\\_en.pdf](http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf)

128. N Markovic, 'New additional sanctions against Iran', *Flagpost*, 6 December 2011, viewed 25 February 2013, <http://parliamentflagpost.blogspot.com.au/2011/12/new-autonomous-sanctions-against-iran.html>



Australia is in a strong position this year to drive forward multilateral discussions on Iran in the UNSC.<sup>130</sup> On 1 January 2013, Australia took over from Germany to lead the UNSC Committee 1737 in overseeing the enforcement of the Iran sanctions. The current Chairman of the UNSC Iran Sanctions Committee, for the period ending 31 December 2013, is Australia's Permanent Representative to the UN, Gary Quinlan.<sup>131</sup>

Australian representatives in the UN previously dealt with Iran-related crises during Australia's first non-permanent term on the UNSC in 1946–47 and during Australia's fourth term on the UNSC in 1985–86.<sup>132</sup> More recently, Australia's autonomous measures on Iran have also brought Australia closer to the position of the EU. In February 2013 the EU led P5+1 / E3+3 (Germany, Britain, France, China, Russia and US) negotiations with Iran.<sup>133</sup>

Since October 2008, the Australian Government has prohibited Australian citizens from conducting financial dealings with selected Iranian entities and individuals.<sup>134</sup> The Australian sanctions also restrict trade in sensitive goods and materials, and preclude certain Iranian citizens from entering Australia.<sup>135</sup> Restrictions were implemented on financial transactions involving Iran under the Anti-Money Laundering and Counter-Terrorism Financing Regulations 2008. On 29 July 2010, the then Minister for Foreign Affairs, Stephen Smith, announced a new round of sanctions against Iran and a list of individuals and entities was subsequently released on 5 August 2010.<sup>136</sup> Australia's Autonomous Sanctions Regulations were also being reviewed at the time, with the Autonomous Sanctions Bill 2010 being discussed in parliament.<sup>137</sup> Despite the sanctions, in 2011, Kazem Jalali, the

- 
129. Organization of Petroleum Exporting Economies (OPEC), *Annual statistical bulletin: Iran*, August 2012, p. 11, viewed 1 February 2013, [http://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/ASB2012.pdf](http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2012.pdf)
  - The Economist Intelligence Unit (EIU), *Main report: Iran*, January 2013, viewed 1 February 2013, <http://www.eiu.com/>
  130. Department of Foreign Affairs and Trade, *Australia and Iran*, op. cit.
  131. The UNSC website, *Security Council Committee established pursuant to resolution 1737 (2006)*, viewed 10 January 2013, <http://www.un.org/sc/committees/1737/>
  132. D Lee, 'Australia and the Security Council', op. cit., pp. 68–69.
  133. EU delegation to the US, 'Catherine Ashton – E3+3 & Iran nuclear negotiations, Almaty, Kazakhstan', February 2013, viewed 1 March 2013, <http://www.euintheus.org/press-media/catherine-ashton-e33-iran-nuclear-negotiations-almaty-kazakhstan/>
  134. Iran Watch, 'Government documents: Australia', Wisconsin Project on Nuclear Arms Control, viewed 11 January 2013, <http://www.iranwatch.org/government/Australia/>; Australian Transaction Reports and Analysis Centre, *Information circulars*, no date, viewed 11 January 2013, [http://www.austrac.gov.au/information\\_circular.html](http://www.austrac.gov.au/information_circular.html); Department of Foreign Affairs and Trade, 'Restrictions on Financial Transactions involving Iran', viewed 8 January 2013, <http://www.dfat.gov.au/un/unsanctions/iran.html>
  135. Department of Foreign Affairs and Trade, 'Australia's autonomous sanctions: Iran', viewed 8 January 2013, [http://www.dfat.gov.au/un/unsanctions/iran\\_autonomous\\_sanctions.html](http://www.dfat.gov.au/un/unsanctions/iran_autonomous_sanctions.html)
  136. Department of Foreign Affairs and Trade, 'Iran specified entities', viewed 14 December 2012, <http://www.dfat.gov.au/un/unsanctions/iran-specified-entities.html>
  137. Department of Foreign Affairs and Trade, 'Reforms to Australia's Autonomous Sanctions Regime', viewed 14 December 2012, <http://www.dfat.gov.au/un/unsanctions/aasb.html#legal-framework>. J Tomaras, *Autonomous Sanctions Bill 2010*, Bills Digest, no. 111, 2010–11, Parliamentary Library, Canberra, 10 May 2011, viewed 14 December 2012, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/754765/upload\\_binary/754765.pdf;fileType=application%2Fpdf#search=%22legislation/billsdgs/754765%22](http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/754765/upload_binary/754765.pdf;fileType=application%2Fpdf#search=%22legislation/billsdgs/754765%22)

spokesman for Iran's National Security and Foreign Policy Committee, called for the boosting of economic, political and cultural cooperation between Tehran and Canberra.<sup>138</sup>

The Reserve Bank of Australia was initially tasked with administering financial sanctions on behalf of the Australian Government against 'Iranian entities and persons who contribute to Iran's proliferation activities but are not already listed by the United Nations Security Council'.<sup>139</sup> The sanctions are now administered by DFAT. Australia was heavily engaged in bilateral, regional and multilateral discussions regarding Iran's nuclear program in 2011 and 2012.<sup>140</sup> During the same period, the Australian Government engaged in dialogue with the Iranian Government 'on issues of mutual concern including Afghanistan, people smuggling and counter-narcotics'.<sup>141</sup> Australia announced several changes to the sanctions regime against Iran throughout 2012, and on 22 August 2012 announced a new round of sanctions.<sup>142</sup>

One consequence has been for Iranian students studying in Australia, of whom there are currently estimated to be 1400.<sup>143</sup> Over the past year, the majority of surveyed Iranian students in Australia reported 'a worsening financial and mental situation' which was linked to stress surrounding the difficulty in getting money out of Iran.<sup>144</sup> Representatives of student groups at Australian universities also asked the Australian Government to provide economic assistance to Iranian students 'caught in politics', citing the Australian Government's provision of financial assistance to Chinese students following the 1989 Tiananmen Square massacre and subsequent (temporary) sanctions.<sup>145</sup>

In January 2013, Australia extended its sanctioning regime to cover oil and gas imports. On 1 January 2013 Australia took up a two-year rotating seat on the 15-member UNSC, the primary UN organ responsible for the maintenance of international peace and security.<sup>146</sup> On 7 January 2013, the

---

138. 'Iran welcomes stronger Australia ties', *Press TV*, 21 July 2011, viewed 8 January 2013, <http://www.presstv.ir/detail/190039.html>

139. Reserve Bank of Australia, *Banking (Foreign Exchange) Regulations 1959 sanctions against Iran – Amendment to the Annex*, media release, 25 August 2010, viewed 14 December 2012, <http://www.rba.gov.au/media-releases/2010/mr-10-18.html>

140. Australia also contributed non-proliferation experts to the meeting of the UN Panel of Experts on Iran in Singapore in April 2012. Department of Foreign Affairs and Trade, *Annual report 2011–12*, Commonwealth of Australia, Canberra, 2012, p. 65, viewed 12 December 2012, [http://www.dfat.gov.au/dept/annual\\_reports/11-12/pdf/DFAT\\_AR\\_2011-12.pdf](http://www.dfat.gov.au/dept/annual_reports/11-12/pdf/DFAT_AR_2011-12.pdf)

141. Department of Foreign Affairs and Trade, *Annual report 2011–12*, op. cit., p. 110.

142. In October 2012, the EU also announced new sanctioning measures.

143. A Trounson, 'Sanctions impoverish students from Iran', *The Australian*, 12 November 2012, viewed 8 January 2013, <http://www.theaustralian.com.au/higher-education/sanctions-impoverish-students-from-iran/story-e6frgcjx-1226514733670>

144. Ibid.; A Trounson, 'Iranian student crisis demands response', *The Australian*, 14 November 2012, viewed 8 January 2013, <http://www.theaustralian.com.au/higher-education/iranian-student-crisis-puts-universities-in-the-dock/story-e6frgcjx-1226516106316>

145. Ibid. See also A Trounson, 'Sanctions squeeze Iranian students', *The Australian*, 21 March 2012, viewed 8 January 2013, <http://www.theaustralian.com.au/higher-education/sanctions-squeeze-iranian-students/story-e6frgcjx-1226305566611>

146. N Markovic, 'Australia wins seat on United Nations Security Council: what next?', *Flagpost*, 19 October 2012, viewed 8 January 2013, <http://parliamentflagpost.blogspot.com.au/2012/10/australia-wins-seat-on-united-nations.html>

Minister for Foreign Affairs Bob Carr announced that Australia would chair the UNSC Sanctions Committees responsible for monitoring compliance with UN sanctions imposed on the Islamic Republic of Iran, as well as separate sanctions regimes against entities associated with the Taliban and al-Qaeda.<sup>147</sup>

Three days later Minister Carr announced a new round of Australian autonomous sanctions against Iran, covering 'financial and travel restrictions on additional individuals and entities active in the oil, gas and financial sectors or related to Iran's Weapons of Mass Destruction (WMD) proliferation activities'.<sup>148</sup> Australia's new sanctions were 'broadly in line' with those introduced by other partners, moving Australia's position closer to the EU's than ever before.<sup>149</sup> The new measures flagged an embargo on the importation of natural gas from Iran.<sup>150</sup> In light of tightening international sanctions and especially new autonomous sanctions against Iran over the past year, the Australia-Iran relationship has become even more complicated.

The new measures announced by Foreign Minister Carr in January 2013 prohibit financial transactions between Australian and Iranian banks, including the Central Bank of Iran, 'unless authorised in advance'.<sup>151</sup> Reflecting Australia's current position on the UNSC, Foreign Minister Carr revealed in a Senate Estimates hearing on 14 February 2013:

Being on the Security Council is an opportunity to be in close contact with like-minded states on the threat posed by Iran's nuclear weapons development. With our position on sanctions against Iran, a series of decisions has been taken in consultation with the US and the countries of the EU.<sup>152</sup>

The nuclear issue has also been the subject of debate in federal parliament. Opposition MP Luke Simpkins put forward a motion on 11 February 2013, which called for a tougher approach to Iran, but it did not receive bipartisan support.<sup>153</sup> The Opposition had previously criticised the

---

147. Australia will also oversee and monitor security situations in the Côte d'Ivoire, Sudan and Lebanon; B Carr (Minister for Foreign Affairs), *Australia to chair UN Security Council Sanction Committees on Al-Qaida, Taliban, Iran*, media release, 7 January 2013, viewed 8 January 2013, [http://foreignminister.gov.au/releases/2013/bc\\_mr\\_130107.html](http://foreignminister.gov.au/releases/2013/bc_mr_130107.html); United Nations, 'UNSC sanction committees', viewed 13 January 2013, <http://www.un.org/sc/committees/index.shtml>

148. B Carr (Minister for Foreign Affairs), *Iran sanctions*, media release, 10 January 2013, viewed 10 January 2013, [http://foreignminister.gov.au/releases/2013/bc\\_mr\\_130110.html](http://foreignminister.gov.au/releases/2013/bc_mr_130110.html)

149. On 21 August 2012 Minister Carr issued a Specification List for export sanctioned goods to Iran. Department of Foreign Affairs and Trade, *Autonomous Sanctions (Export Sanctioned Goods – Iran) Specification 2012*, 21 August 2012, viewed 1 March 2013, [http://www.dfat.gov.au/un/unsc\\_sanctions/Autonomous-Sanctions-\(Export-Sanctioned-Goods-Iran\)-Specification-2012.pdf](http://www.dfat.gov.au/un/unsc_sanctions/Autonomous-Sanctions-(Export-Sanctioned-Goods-Iran)-Specification-2012.pdf)

150. Since 2006, liquefied propane and butane have been Australia's largest import from Iran.

151. B Carr (Minister for Foreign Affairs), *Iran sanctions*, op. cit.

152. B Carr (Minister for Foreign Affairs), Foreign Affairs, Defence and Trade Legislation Committee, *Estimates - Department of Foreign Affairs and Trade*, 14 February 2013, viewed 1 March 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22committees%2Festimate%2F32457ab2-7616-4a25-92a1-f1ba7586e32b%2F0002%22>

153. Two other motions during the 43<sup>rd</sup> Parliament on Iran concerned the subject of human rights in Iran. L Simpkins (Member for Cowan), Private Members Business: Iran, House of Representatives, *Debates*, 11 February 2013, viewed 14 February 2013,

Government's decision to send officials to the 16<sup>th</sup> Summit of the Non-Aligned movement in Tehran in August 2012.<sup>154</sup> However, both the Government and federal Opposition recognise the need to diplomatically contain Iran's nuclear ambitions.

Prime Minister Gillard refused to meet directly with Iran's President Ahmadinejad at the Bali Forum for Democracy in November 2012.<sup>155</sup> However, unlike the US, Canadian and Israeli delegations, the Australian delegation did not boycott a speech in the UN General Assembly by Iranian President Ahmadinejad in September 2012.<sup>156</sup> In a speech on 26 September 2012, Prime Minister Gillard said:

A nuclear armed Iran would be a major threat to regional and global security ... There remains the opportunity for diplomacy, backed up by robust sanctions, to persuade Iran to change its course. Iran must take this opportunity for change.<sup>157</sup>

The Australian Government at present does not support a military solution in a diplomatic conflict with Iran.<sup>158</sup> Israel has threatened several times since 2002 to attack Iran's nuclear facilities.<sup>159</sup> Last October, Israel's then Defence Minister, Ehud Barak, said that Israel would need to decide in 2013 whether to strike Iranian uranium enrichment facilities.<sup>160</sup> On 5 March 2013, Israel's Prime Minister Benjamin Netanyahu said that 'sanctions must be coupled with a clear and credible military threat, if diplomacy and sanctions fail'.<sup>161</sup> The *International Crisis Group* has observed that while sanctions have become 'the West's instrument of choice', Iran's uranium enrichment activities have, in fact,

---

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F31814f37-6bd0-44dd-a2e7-40d55027d5cf%2F0297%22>

154. B Nicholson, 'Envoys head to Tehran summit', *The Australian*, 22 August 2012, viewed 12 December 2012, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressclp%2F1864424%22>
155. AAP, 'Gillard snubs Iran', *Australian Financial Review*, 9 September 2012, viewed 15 February 2013, [http://parlinfo/parlInfo/download/media/pressclp/2032344/upload\\_binary/2032344.pdf;fileType=application%2Fpdf#search=%22Iran%22](http://parlinfo/parlInfo/download/media/pressclp/2032344/upload_binary/2032344.pdf;fileType=application%2Fpdf#search=%22Iran%22)
156. B Potten, 'Gillard presses Iran for change', *Australian Financial Review*, 28 September 2012, p. 5.
157. J Gillard (Prime Minister of Australia), *Practical progress towards realising those ideals in the world*, speech at the 67th Session of the General Assembly of the United Nations, New York, 26 September 2012.
158. T Walker, 'Carr's to-do list will start with neighbours', *Australian Financial Review*, 10 March 2012, viewed 25 February 2013, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressclp%2F1486558%22>
159. P Hudson, 'Hair and now on agenda', *Sunday Herald Sun*, 24 June 2012, viewed 10 February 2013, [http://parlinfo/parlInfo/download/media/pressclp/1732981/upload\\_binary/1732981.pdf;fileType=application%2Fpdf#search=%22Iran%20%20carr,%20sen%20bob%22](http://parlinfo/parlInfo/download/media/pressclp/1732981/upload_binary/1732981.pdf;fileType=application%2Fpdf#search=%22Iran%20%20carr,%20sen%20bob%22)
159. J Zanotti, K Katzman, J Gertler, S. A. Hildreth, 'Israel: Possible Military Strike Against Iran's Nuclear Facilities', *Congressional Research Service*, 28 September 2012, viewed 8 January 2013, <http://www.fas.org/sgp/crs/mideast/R42443.pdf>
160. A former US Ambassador to Israel, Martin Indyk, predicted in September 2012 that '2013 is going to be a year in which we are going to have a military confrontation with Iran'. LA Caldwell, 'Ex-ambassador to Israel: US will go to war with Iran in 2013', *CBSnews.com*, 16 September 2012, viewed 15 February 2013, [http://www.cbsnews.com/8301-3460\\_162-57513809/ex-ambassador-to-israel-u.s-will-go-to-war-with-iran-in-2013/](http://www.cbsnews.com/8301-3460_162-57513809/ex-ambassador-to-israel-u.s-will-go-to-war-with-iran-in-2013/)
161. B Tembath, 'Netanyahu says diplomacy failing to stop Iran', *Australian Broadcasting Corporation (ABC)*, 5 March 2013, viewed 6 March 2013, <http://www.abc.net.au/news/2013-03-05/netanyahu-says-credible-military-threat-needed-to-stop-iran/4552690>; A Levine, 'US commander says Iran sanctions not working', *Cable News Network (CNN)*, 5 March 2013, viewed 6 March 2013, <http://edition.cnn.com/2013/03/05/politics/iran-sanctions/>

accelerated.<sup>162</sup> Russia and China have opposed more restrictive global sanctions against Iran and continue to warn against direct military strikes on the grounds that this would be a precursor to more instability.<sup>163</sup> This situation adds further complexities in the making of Australia's foreign and security policy towards the Middle East, as the threat of military conflict presents risks to Australia's trade interests in the Gulf.

## Conclusion

Since 1945, Australia has attempted to balance its trade and economic objectives in the Middle East with its non-proliferation and global security objectives.<sup>164</sup> However, over the past seven years it has become increasingly difficult for Australia to balance its economic interests in Iran with the implementation of international sanctions, which were followed by additional domestic measures. The sanctions regime has significantly reduced the scope for more engagement between the two countries, including in the education, parliamentary and cultural sectors, which in the past have benefited citizens of both nations. As a country with a long history of dealing with successive Iranian governments, Australia could play a pro-active role in creating a conducive environment for rapprochement with Iran's more moderate factions.

Academic Amin Saikal has observed that there is a need for adopting a new policy of direct talks and engagement with Iran as a means of isolating nationalist factions which call for military collision with the West.<sup>165</sup> Current diplomatic strategies have had mixed results, and Iran's nuclear program is reportedly accelerating, causing more friction with Israel, the West and its neighbours. Iran's presidential election in June 2013 may offer a new window of opportunity for Australia's engagement with Iran's next President in a resolve to reach a peaceful solution to the current crisis. It may also provide Australia with an opportunity to reinvigorate its human rights dialogue with Iran.

---

162. International Crisis Group, *Spider web: the making and unmaking of Iran sanctions*, Middle East Report, no. 138, Brussels, 25 February 2013, pp. ii; 28.

163. H Leverett and F Leverett, 'The coming collapse of Iran sanctions', *Aljazeera*, 28 February 2013, viewed 1 March 2013, <http://www.aljazeera.com/indepth/opinion/2013/02/201322584515426148.html>

164. The Centre for Nuclear Non-Proliferation and Disarmament published in March 2013 its inaugural 'state of play' report on nuclear non-proliferation and disarmament, which also covers the Iranian situation. R Thakur and G Evans (eds), 'Nuclear weapons: the state of play', Australian National University, Canberra, March 2013, viewed 12 March 2013, <http://cnnd.anu.edu.au/research/>

165. A Saikal, 'Ball in US court over nuclear talks with Iran', *The Australian*, 25 February 2013, p. 8.

© Commonwealth of Australia



Creative Commons

With the exception of the Commonwealth Coat of Arms, and to the extent that copyright subsists in a third party, this publication, its logo and front page design are licensed under a [Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia](#) licence.

In essence, you are free to copy and communicate this work in its current form for all non-commercial purposes, as long as you attribute the work to the author and abide by the other licence terms. The work cannot be adapted or modified in any way. Content from this publication should be attributed in the following way: Author(s), Title of publication, Series Name and No, Publisher, Date.

To the extent that copyright subsists in third party quotes it remains with the original owner and permission may be required to reuse the material.

Inquiries regarding the licence and any use of the publication are welcome to [webmanager@aph.gov.au](mailto:webmanager@aph.gov.au).

This work has been prepared to support the work of the Australian Parliament using information available at the time of production. The views expressed do not reflect an official position of the Parliamentary Library, nor do they constitute professional legal opinion.

Feedback is welcome and may be provided to: [web.library@aph.gov.au](mailto:web.library@aph.gov.au). Any concerns or complaints should be directed to the Parliamentary Librarian. Parliamentary Library staff are available to discuss the contents of publications with Senators and Members and their staff. To access this service, clients may contact the author or the Library's Central Entry Point for referral.