



Written by [Alex Newman](#) on January 6, 2012

## U.S. Sanctions State-owned Central Bank of Iran

Passed as part of the hugely unpopular (for several other, unrelated provisions) National Defense Authorization Act (NDAA), the sanctions will eventually freeze any institution that does business with Iran's monetary authority out of the American economy. And about half of all Iranian oil sales are currently processed through the Islamic Republic's central bank — one of the few remaining in the world that is entirely government owned after [Libya's was recently replaced](#).



But in a signing statement released on the [White House website](#), Obama said that while he approved of the bill overall, he signed it despite serious reservations about some sections — especially those related to terror-war and detainment regulations. But the anti-Iran segment was also criticized in the statement.

Obama claimed that the central-bank sanctions provision “would interfere with my constitutional authority to conduct foreign relations by directing the Executive to take certain positions in negotiations or discussions with foreign governments.” And like another section he disagreed with, the President noted in his statement that “should any application of these provisions conflict with my constitutional authorities, I will treat the provisions as non-binding.”

In other words, Obama will only follow the legislation he signed into law if he feels like it. While the George W. Bush administration came under heavy criticism for similar unconstitutional “signing statements” — even from Obama — the current President's open flaunting of the law has barely raised an eyebrow so far.

The new round of U.S. sanctions is supposedly aimed at prodding the Iranian regime into ending its alleged pursuit of a nuclear weapon. Western officials have long argued that Tehran could be using its civilian nuclear program as cover for a clandestine weapons operation, although Iranian officials deny the allegations and no concrete evidence has yet emerged that they are lying.

The *Wall Street Journal* reported that Obama believes he has “flexibility” in implementing and enforcing the new sanctions. And according to a senior official cited by the paper, the administration plans to comply with the law in a way that will not harm the global economy. “We believe we can do this,” the administration official was [quoted](#) as saying. “The President will consider his options, but our intent — our absolute intent — is to in a timed and phased way implement this legislation so it can have the impact that Congress intended and the president agrees with.”

Under the [legislation](#), Obama is allowed to wait up to six months before actually imposing the sanctions.



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He can also apply for various waivers to allow certain nations' firms to continue doing business with the Iranian central bank.

Another official deployed by the administration [told](#) the *New York Times* that the oil market would be taken into consideration when implementing the sanctions. "We have to do it in a timely way and phased way to avoid repercussions to the oil market, and make sure the revenues to Iran are reduced," the functionary was quoted as saying. "But we believe we can do that."

Analysts said that strict adherence to the new sanctions regime could severely impair the Iranian economy, with oil making up much of the nation's exports. But that may send oil prices much higher worldwide — especially because Iran is one of the top international producers of crude.

Even more dangerous: If the Iranian government follows through on its threat to shut down the key Strait of Hormuz in the face of sanctions, prices could really skyrocket. The regime has already launched a series of "war games" in the area to flex its muscles.

U.S. officials have vowed to keep the strait open — by force if necessary. But the heated rhetoric has analysts around the world fretting about the potential for an explosive situation.

On top of the latest U.S.-government sanctions, European Union bosses announced this week that they had also neared agreement on imposing an oil embargo against the Islamic Republic. Iran is already under various United Nations sanctions, too, as much of the so-called "international community" clamps down.

Iranian officials, however, say the regime will not back down on the nuclear issue. But they are still seeking to continue multilateral talks. "Enrichment activities will never be given up in our country," Iranian Foreign Ministry spokesman Ramin Mehmanparast was [quoted](#) as saying. "The nuclear issue of our country is totally peaceful and is a basic right of our nation."

After Obama signed the bill, the value of the Iranian rial plunged over 10 percent against other currencies, though it has since regained some of those losses. Spokesman Mehmanparast said the fluctuations were unrelated to the latest sanctions.

"Some who want to relate this issue to the U.S. sanctions have political motives," he was quoted as saying in the Iranian press. "They want to say that as the U.S. announced sanctions on Iran, Iran's economy was immediately hurt."

While the new Iran sanctions have received some press coverage, other parts of the NDAA signed by Obama have been far more controversial and well publicized. The legislation purports to authorize, for example, the indefinite detention of Americans without charges or trial.

Even though the President promised not to use some of the purported powers or obey some of the restrictions, critics and lawmakers on both sides of the aisle have blasted the bill as unconstitutional. Other sections of the legislation are also under fire.

Meanwhile, Israeli and U.S. officials have not taken a military option off the table in dealing with the Iranian regime, though senior leaders in all of the governments have warned of disaster if a war were to break out. Some experts consider the sanctions themselves to be an act of war.

The dictatorship ruling mainland China and other governments are expected to continue purchasing Iranian oil, though they will likely obtain steep discounts that will hurt Iran and its economy. Western leaders claim the sanctions will add pressure on Iran that could eventually force it to halt its nuclear program — or at least somehow "prove" it is purely for peaceful purposes.



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