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TRANSCRIPT OF "FILE ON 4"- 'IRAN'S NUCLEAR WEAPONS'

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PRODUCER: Paul Grant

EDITOR: David Ross

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THE ATTACHED TRANSCRIPT WAS TYPED FROM A RECORDING AND NOT COPIED FROM AN ORIGINAL SCRIPT. BECAUSE OF THE RISK OF MISHEARING AND THE DIFFICULTY IN SOME CASES OF IDENTIFYING INDIVIDUAL SPEAKERS, THE BBC CANNOT VOUCH FOR ITS COMPLETE ACCURACY.

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URRY: As the International community works out how best to deal with Iran and its nuclear ambitions, the latest UN Security Council resolution has imposed strict sanctions, blocking the import or export of sensitive nuclear equipment. But there's also an international black market in these dangerous goods. Tonight we cast a spotlight into that marketplace to discover more about what the Iranians are up to. We reveal how they are setting up front companies in Europe to buy sensitive technologies under the guise of legitimate trade.

FITZPATRICK: Iran is very deeply involved in the nuclear black market. It is running the most extensive nuclear black market procurement effort. It's a very cloudy, concealed effort with frequently changing front companies, frequently changing financial arrangements.

URRY: We've also uncovered evidence of inconsistent enforcement and lax controls in Britain and some of its European partners. So how far should we go in trying to stop the proliferators seeking weapons of mass destruction, and where do we draw the line with those who want to trade with Iran?

SIGNATURE TUNE

MANZARPOUR: As I was returning to the UK, I was arrested at the airport by border guards. They didn't actually tell me why I was arrested and they said everything will be explained to you later. I asked them could this be a mistake, why are you arresting me?

URRY: Ali Manzarpour, a 46 year old naturalized British citizen, born in Iran but who settled in Brighton, from where he's been running an import/export business. In 2005, trying to return from a business trip to Poland, he was detained in Warsaw at the request of the American authorities who wanted him extradited to stand trial for breaking US trade embargos with Iran.

MANZARPOUR: I was in the Mokotów Prison in Warsaw, which is Poland's most notorious prison. We had 23 hour lockdown. For one hour a day we were allowed to have so-called exercise in a yard, which was hardly bigger than the cell itself. This has had a catastrophic effect. Of course I have lost my business, my home and two years of my life.

URRY: The US accused Mr Manzarpour of trying to export to Iran an experimental light aircraft, bought in America, and imported by him to Britain for onward shipment. Under US rules he needed a licence from the American authorities to do that but they say he didn't apply for one. However, the UK is prepared to licence certain exports to Iran, providing it can be satisfied it's not in breach of UN embargoes and isn't likely to end up in the wrong hands. So Ali Manzarpour did apply for, and was granted, a licence by The DTI's export control organisation for his aircraft's onward journey. He told File on 4 the Americans had overreacted.

MANZARPOUR: The aircraft was a Berkut 360 and it's a home built kit plane I used for leisure flying.

URRY: I've seen it described in newspaper articles as something that has potential as a spy plane. Is that true?

MANZARPOUR: Absolutely not, this aeroplane is for enthusiasts who perhaps have more enthusiasm than money, and this was a second hand aeroplane of this type.

URRY: And why does it need an export licence then if it's a perfectly benign piece of equipment?

MANZARPOUR: This is because of Britain's decision that states that even civilian aircraft that are going to Iran need to have prior approval for export; so I applied for it and after providing information and consideration, the DTI approved the export licence.

URRY: Mr Manzarpour stands right on the fault line between Europe and America of what can legally be exported to Iran. The American authorities took a tough stance, and had the plane confiscated and returned to the US before it could reach its destination. A spokesman for the US Immigration and Customs Enforcement agency, ICE, said their concern was it could have been used in military reconnaissance or for conversion into an unmanned aerial vehicle.

ACTUALITY OF TRAMS

URRY: But it wasn't just the experimental plane. Officials from the Austrian Interior Ministry detained electronic parts - ceramic capacitors - in Vienna, described by them as "war materials". They were being flown by Mr Manzarpour's freight forwarder from the US via Austria and again destined for Iran. ICE carried out a lengthy investigation. According to legal documents obtained by this programme, agents found it was one of at least 28 shipments from the US to Iran via Austria, purchased and directed by Ali Manzarpour. In a sworn affidavit, an ICE special agent said some of the materials in those shipments had military uses.

READER IN STUDIO: The capacitors are used in military applications such as radar, navigation equipment, avionics and missiles. Also a shipment of four thousand filters, which are mostly used by the military because of their wide temperature range.

URRY: Some items were sold to an outfit in Tehran which, since he traded with the organisation, has found itself on a UN Security Council resolution banned list.

READER IN STUDIO: Aerospace Industries Organisation is a state controlled public joint stock company. Its principal shareholder is listed as the Iranian Ministry of Defence and Armed Forces Logistics.

URRY: None of the parts had US export authorisation, and so were in breach of their rules. But once again, during the period in question - 1999 to 2001 - they weren't restricted goods under EU export controls. Can you see why the Americans are worried? I've just got a list of some of the items here that they were concerned about. They can be used in a military application, including in missile systems.

MANZARPOUR: I doubt very much whether they can be used in missile systems, but in any event, as I say, under EU laws, exports of non controlled goods do not become controlled just because the possibility that they might be used in military applications.

URRY: They're also worried about where some of this stuff that you were exporting ended up. Aerospace Industries Organisation, the main shareholder of which is the Iranian Ministry of Defence. So you can see why they're worried about some of these sorts of exports.

MANZARPOUR: I'm obliged to follow the laws that apply to me in the countries where I am, and under those regulations, as confirmed by the European Commission and other authorities, the exports were lawful and the exports were not restricted.

URRY: Well let me ask you directly then something that I think the American authorities want to put to you, which is this. Have you been supplying the Iranian military with parts that they can use in their military programmes?

MANZARPOUR: The parts themselves are, how can I say? The parts themselves are not controlled and the mere possibility that something can be used for military application does not make the export illegal. I am of the view that what the state does not prohibit, the state permits

URRY: The Polish courts of appeal, considering his extradition to the United States, agreed. After twenty-two months in jail awaiting a decision, Mr Manzarpour was set free last December and returned to Britain. He says he's considering bringing a case against the Poles for violation of his human rights. But a spokesman for the US Department of Justice described Mr Manzarpour as a fugitive and told this programme the charges against him for US export violations still stand. The Americans also point to the fact he was convicted in the UK in 1998 for the illegal export of specially strengthened metal, called maraging steel, to the Iranian Defence Industries Organisation. Maraging steel has uses in the production of missile casings and uranium enrichment motors. David Albright is President of the Institute for Science and International Security in Washington DC and a former UN nuclear weapons inspector in Iraq. He argues that companies with legitimate trading interests shouldn't be selling to Iran under the present circumstances, except when the goods are completely harmless.

ALBRIGHT: I would be on the side that would say, don't export at all, because you may have assurance that this company in Iran is legitimate, but the Iranian government could take the item away at any time.

URRY: But in a sense, though, it's easy for America to say it because America doesn't really trade with Iran to any degree.

ALBRIGHT: No, that's true, it is easier, but I don't feel I'm speaking as a representative of the American government. And the companies we advise in Europe, I would say the same thing to - don't do business with Iran unless it's a truly innocuous item. And there are many of those produced by the same companies that make the kind of items that it could be useful in a centrifuge program, but if it can be used I wouldn't send it at all.

URRY: In fact, the US heavily restricts all trade with Iran from its shores or by its citizens, introducing wide-ranging embargoes following the Islamic revolution and the fall of the Shah in 1979. But it's a very different story in the European Union, which is Iran's biggest trading partner for both exports and imports. Exports have almost doubled since 1999. It's America which is policing the world on this issue. The biggest concern for the international community is to restrict materials and technologies which could be used to build weapons of mass destruction. But Europe's trading relationship with Iran makes it vulnerable to clandestine procurement networks, who shop around and ship onwards, hoping to remain undetected. Occasionally they get caught.

ACTUALITY AT MOSQUE

URRY: Calls to prayer in the Turkish city of Istanbul, where East meets West and a land bridge between Europe and Iran. An Iranian front company operating out of Istanbul was the hub of a smuggling operation between the two regions.

GOREN: We know that it was an Iranian company, because it was owned by Iranian nationals, and we also know that they had two offices in Istanbul.

URRY: The organisation is accused of procuring internationally controlled equipment for Iran's nuclear and missile programmes, according to Nilsu Goren, a Turkish scholar who studies proliferation issues. On Turkey's eastern border at Gurbulak, a crossing into Iran, a joint operation by the CIA and Turkish National Intelligence uncovered what was going on.

GOREN: It was importing nuclear materials from European companies and then showing the destination as Istanbul but then illicitly transferring the materials to Iran, so basically they were re-exporting the materials to Iran.

URRY: What sort of materials were they smuggling?

GOREN: The materials that were seized at Gurbulak border crossing, were heat resistant aluminium containers, and we know that they were produced by a Milan-based Italian firm and the materials were transferred to a Turkish transportation company.

URRY: Tell me about these containers then, what do they do?

GOREN: The containers were made from heat resistant aluminium and each of them weighed around thirty metric tonnes, and these containers could be used as part of a gas centrifuge to enrich uranium or to hold the enriched uranium at the facility, so these were basically dual use materials.

URRY: Other goods smuggled by the same group included special advanced engineered ball bearings, which are used in guidance systems for missiles. Both these and the aluminium containers are what's known as dual use items - equipment which can have benign civilian applications, but which may also further a military drive to produce weapons of mass destruction. These items would have aroused less suspicion amongst European suppliers if they thought the final destination was Turkey, rather than Iran. The Turkish authorities were further concerned when it was discovered those who were receiving the equipment in Iran were not what they seemed either.

GOREN: We only know the front company was Shadi Oil Industries in Iran, and another Iranian firm named Ana Trading Company was involved, so these two Iranian companies were the main funders of the deal. But of course one of them - Shadi Oil Industries - was actually a front company, so at the claimed address of the Shadi Oil Industries, the company was never found.

URRY: What was found at that address?

GOREN: There was a grocery store.

URRY: Is that why you're saying the recipients of these materials were themselves front organisations?

GOREN: Err, yes, and we thought that actually the government was behind it, because we know that Iranian government has certain nuclear ambitions and they are trying to build up their nuclear programme, so we thought that the gas centrifuge could be used for the government's nuclear programme.

URRY: We wanted to interview someone from the Iranian government about the case, but no-one at their embassy replied to our requests. It's Iran's gas centrifuge enrichment programme at Natanz, 200 miles south of Tehran, which is at the centre of international concern. Iranian officials insist it's to provide fuel for a civilian power station, but highly enriched uranium is fissile material, the key component of a nuclear bomb. To make that on an industrial scale, thousands of centrifuges are needed, each with many parts. Mark Fitzpatrick, who formerly worked at the US State Department on non-proliferation policies for President Clinton, argues that to achieve its aims, in the face of international opposition, Tehran is operating a secret procurement programme to smuggle technologies from the West.

FITZPATRICK: Iran is very deeply involved in the nuclear black market; it is running the most extensive nuclear black market procurement effort. It's a very cloudy, concealed effort with frequently changing front companies, frequently changing financial arrangements, but Iran is very intent on acquiring as much nuclear technology and materials that could be used for a nuclear weapon and it is interested in getting as much of that as quickly as possible.

URRY: What evidence can you point to to demonstrate that then?

FITZPATRICK: One thing you can look at is the evidence of Iran's nuclear program, what does it have, and then ask where did it get the parts for that? Iran's program is on a fast pace to try to master the enrichment process.

URRY: But they say they want that, don't they, for their civilian program, that they're not making nuclear weapons and not intending to?

FITZPATRICK: The enrichment program is a dual use program that could be used for civil energy purposes, but various aspects of the program lend support to the concern that it is actually intended for a weapons purpose. It is not self-sufficient in the production of all the components for its centrifuges, so it must be continuing to obtain parts from unknown suppliers.

URRY: Iran's procurement drive has taken it right to the heart of Europe.

ACTUALITY ON TRAM IN BERLIN

GUIDE: Ladies and gentlemen, welcome to our tour of Berlin. We will start in a moment here at the very heart of West Berlin, where the emperor

URRY: Kurfurstendamm in Berlin city centre. Right next to this bus stop where open top rides for tourists set off along the wide boulevard, lined with department stores, there's a little side street, and down here I can see a jewellers, there's a couple of boutiques across the road, and also a handful of pavement cafés, where people are ordering their lunch. And just a few more paces down here, a smart, but rather unremarkable six storey building which doesn't really draw much attention to itself. But one office inside this building became the headquarters of an international smuggling ring which set up shop in Germany to buy equipment for Iran's nuclear program. It called itself Vero Handels.

LANGE: Vero you might call a classic front company. They got orders from their company, who was in charge of reconstructing the Bushehr nuclear power plant in Iran, and the idea was that the people from Vero should buy a special technology which was needed for reconstructing Bushehr.

URRY: Christophe Lange, the public prosecutor for the Potsdam district, says the authorities became suspicious about Vero when a routine check of export paperwork revealed they were buying items for the Iranians' nuclear power station at Bushehr, without authorisation. German law forbids any trade with Iran's civil

URRY cont: nuclear programme, because that could be diverted to help it make nuclear weapons. So the Germans are on the alert.

LANGE: That was in 2004 when we found out that they were in contact with a small company in Saxony-Anhalt, which is about 100 km away from Berlin, and there was a deal going on and we just investigated that deal and found out that Vero had ordered parts for a polar crane for the nuclear dome of a nuclear power plant, and the idea was that this technology was destined to destination Bushehr.

URRY: Why is this crane so important to a nuclear power plant?

LANGE: Well, without this crane you simply can't run the power plant. For instance, it is used for carrying another machine and this machine is used for taking out or putting in these nuclear rods, so its really a piece of high tech and it is essential for running a nuclear power plant.

URRY: So what did you do once you discovered that that was a deal that had gone ahead?

LANGE: Well, we searched the company, Vero company and the ISV company, that's the name of that company in Saxony-Anhalt, and then we found out that a few dozen other companies were involved in the business, so we found out that Vero had made contact to about 40 or 45 companies throughout Germany and always the same system, they were looking for special technology for Bushehr.

ACTUALITY AT STATION

URRY: Investigators began to uncover more about the business relationships quietly cultivated by Vero Handels from their offices in Berlin. Most hadn't been told that their equipment or material would end up in the Iranian nuclear program. Vero offered plausible cover stories to reassure those with whom they were trading. Even so many firms wouldn't talk to us about their experiences. However, one has agreed to meet us, but to get there we've got to take a train to Dusseldorf, 500 km to

URRY cont: the East, on the other side of Germany. It underlines the reach of Vero's business links.

Just outside Düsseldorf, on an unremarkable little industrial estate, the Koller company makes cleaning systems for power stations, including nuclear reactors. It's a small, specialist firm with just a few employees. Owner, Joseph Koller, was approached by Vero for a cleaning system, but he says no mention was made of Iran.

Which country did you think your cleaning system would go to?

KOLLER: They told me it would be delivered to Russia, to Kallingrad.

URRY: Do you need an export licence to deliver these systems to Russia?

KOLLER: No, no, not necessary.

URRY: And what sort of power plant did they tell you they were going to build?

KOLLER: We asked often to give us the name of the power station, that's not decided, only that it goes to Russia.

URRY: Isn't that unusual in your line of work?

KOLLER: It is unusual, normally we know this, but it was the first time we ever have business with Russian companies and Russian companies is different to the West.

URRY: How much was that order worth to you?

KOLLER: More than 500,000.

URRY: So that's a lot of money for a very small company like this.

KOLLER: Yes, yes.

URRY: The German authorities say Koller is one of a number of companies told by Vero they'd be supplying parts for a nuclear power plant on the banks of the Volga, but no such plant existed. Instead the equipment was shipped to Iran. Perhaps Herr Koller could have done more to insist on knowing where his equipment might end up, but there was the promise of half a million euros worth of business, an assurance that it would be for Russia, and in the event, the German authorities shut down Vero before the order was fulfilled, so his company has broken no law. Others though have. Six firms were prosecuted. The co-director of Vero Handels was charged with breaking German export laws, along with two employees. He's understood to have fled to Russia. The Germans say the Russian authorities have declined their request to hand him over to stand trial.

ACTUALITY AT COMPUTER

URRY: From our own offices in the BBC, we've been checking company documents connected with Vero Handels and have discovered the founding director of this small firm is a British resident with an address in one of the most expensive parts of London. Houses around the Bishops Avenue in Hampstead are up for sale, and I can see here on my internet screen that there are asking prices of £50 million. And in a quiet cul de sac is the listed address of Boris Berschader, co-director of Vero Handels. Information from the electoral roll shows it's been his home for seven years. Although he's not accused of any wrongdoing, we wanted to interview him about his involvement in a company under investigation for export violations, for supplying Iran with nuclear materials, whose co-director is charged with criminal offences by the German authorities. But Mr Berschader didn't respond to the letters we sent to his London address. The Germans have already spent three years on the Vero investigation and they've told us they're continuing to follow up leads and are gathering more evidence. And while Iran has been combing Europe for dual use items it needs, the EU has been taking too long to tighten security regulations governing their exports, according to Dr Ian Anthony of the Stockholm International Peace Research Institute.

ANTHONY: It can never, I guess, move fast enough because things are changing in the market place, including the black market place. Proliferators are becoming more sophisticated and it is difficult for the regulators to keep one step ahead, if you like, so the discussion really has been ongoing since, well at least 2003/2004. I'd guess we won't have a legislative change this year, probably it will be next year, maybe even the year after, so it is a somewhat drawn out process, but on the other hand you're modifying primary legislation across the whole EU, so it's not something which can be done overnight.

URRY: But does it have to take quite so long?

ANTHONY: I personally don't think so. A lot of the issues which are on the table, I think most of the officials already know what the desired outcome is from their point of view. I think it probably should go faster, but perhaps there isn't quite as much urgency about this as there should be, given the proliferation problem that we face.

URRY: Stephen Adams, who speaks for the European Commission on trade issues, says they're in the early stages of a consultation process with member states about tightening the rules. But Mr Adams believes the stumbling block is the difficult matter of sharing classified information.

ADAMS: The fundamental issue in controlling potentially dangerous exports is the sharing of quality intelligence between European member states.

URRY: And why haven't they been sharing intelligence?

ADAMS: They already contribute collectively to a database, but to understand or to know of a product that's dangerous or is being exported to a dangerous end user, you have to bring together all sorts of different information related to the route that it's taking, the procurement network that it's travelling through and the end user itself, and those things can only be communicated through the sharing of intelligence, and it's something that member states could always do better.

URRY: Why do you have to push so hard?

ADAMS: We recognise that the issue of intelligence sharing is extremely sensitive, but the reality is that in a single market, an exporter can move very easily from one member state to another, so unless member states are cooperating then the system is never going to be fully watertight.

URRY: While the EU tries to agree on the details of how to increase the security dimension of its export controls, in Britain, MPs have become concerned about enforcement of the existing laws. The UK's export system is overseen by the Quadripartite Committee. Its chairman, Labour's Roger Berry, believes HM Customs and Revenue aren't doing enough.

BERRY: Our export control legislation is very good, but at the end of the day it's enforcement that matters, it's how it's delivered on the ground, and I do genuinely believe that more effort is required there. You can never actually prove that Customs is doing enough. What you can prove is that, if something goes wrong, that Customs have not been doing enough. I mean, this is the nature of the problem. Should they do more? I think they should, because that is what witnesses before our committee have persistently said. Whether they are UK defence manufacturers or whether they're NGOs who've been monitoring this kind of work, I think they could do more. We have argued that more resources should be allocated for enforcement, because at the end of the day, enforcement of the legislation is all that matters.

URRY: Customs' own figures, published by the Quadripartite Committee, show only five prosecutions for export violations since the year 2000. And one of those raises serious questions about the way Britain treats those who commit such crimes. It involves a man who was able to operate a smuggling business from the UK for nearly twenty years before he finally got caught.

ACTUALITY OF JET WHOOOOOOSH

URRY: F14 military fighter jets taking off. Only America and Iran fly them. Because of the tough embargoes America has in place, the Iranians have been using illicit procurement to get the spares they need to keep the jets in the air.

URRY cont: To try to stop that happening, ICE, the US Customs agency and its partners, have been putting defence companies and those who trade in parts on the alert, through a programme known as project Shield America. Serge Duarte, who's in charge of ICE in San Diego, says they got a tip-off from one of those they'd briefed about suspicious activity of a company in the city of Bakersfield, north of Los Angeles, run by a man called Saeed Homayouni.

DUARTE: A person who was a legitimate business person in the sale of surplus aircraft components found that there was an organisation in Bakersfield that was looking to acquire F14 aircraft parts as well as other restricted aircraft and military components. Bakersfield certainly would not be a place that we would ordinarily expect to see this kind of industry pop up. The person found that the approach being made by Mr Saeed Homayouni was suspicious and reported it to our agents. We placed the individual under surveillance and quickly determined that he was collecting a lot of equipment from throughout the United States for ultimate destination to Iran.

URRY: It subsequently emerged, didn't it, that this would have had to have been orders placed by the Iranian military, by the Iran air force, there wouldn't have been any other customer in Iran that would have wanted these parts?

DUARTE: That's right these parts were for hot missile parts for F14, for helicopters, and the only organisation that would have access to that equipment would be the Iranian government.

URRY: Saeed Homayouni was jailed for two years. An accomplice also served time in prison. They'd been shipping hundreds of parts to Iran via Singapore and Malaysia. But ICE Customs agents discovered the man directing the operation was Saeed's brother, Soroosh, and that he was based in London, running a company called Multicore, which he'd set up there in 1984. In fact Soroosh Homayouni had been previously convicted by the Americans for arms export violations. He'd been caught in New York, trapped in an undercover operation, buying military parts in secret and telling those posing as suppliers how to mislabel and misdescribe the items for illegal export. Homayouni was jailed and then deported back to London in the late 1980s. However, the authorities in the UK don't seem to have picked this up, because once he got

URRY cont: back to London, it was business as usual, dealing in illegal military exports through the front company in Bakersfield. And even after that got busted and his brother was jailed, he carried on regardless, this time using Britain for onward transshipment.

DUARTE: Well, it became apparent that Soroosh Homayouni continued with his collection attempts. He had established a corporation in London that allowed him to have other parts sent to London and then ultimately being sent on to Iran, so while it was disturbing to him that his brother had been arrested by US Customs and placed in jail, that didn't dissuade him from continuing to what he thought was important.

URRY: Why do you suppose that was, that he was prepared to carry on? He must have been taking a risk.

DUARTE: I think it's a sense perhaps of nationalism, of being truthful to his home country, whatever his thoughts were in that area, but I think it's more reflective of the fact that the components that he was trying to get were essential to the maintenance of the Iranian air force with regards to their F14 fleet and other military aircraft. Without these parts, that fleet would crumble, it would be grounded, it would not be able to fly and not be able to present either a defensive or offensive posture for Iran. So it was critical that he or others continued to try and get these parts.

URRY: But even after all the law enforcement efforts that you put into this at Bakersfield, he was still able to get parts out of the United States into the United Kingdom and then onto Iran.

DUARTE: Yes.

URRY: It took another two years for UK Customs, with the help of information from their American counterparts, to arrest Soroosh Homayouni. Customs seized a stockpile of military parts and equipment, some of which were used in evidence against him at his trial. We wanted to interview HM Customs about the case and ask them about how this man could have continued with a smuggling operation run from London for nearly twenty years before finally getting caught, but they refused. We also tried to interview Mr Homayouni.

ACTUALITY OUTSIDE OFFICE

URRY: I'm outside his registered business address now, which looks more residential than a typical office. We've just rung the doorbell, but there's no reply. It's a ground floor flat in the West End of London. There are net curtains covering the windows so I can't see in and there are security bars behind the front door, but it's all quite discreet. We've sent letters here too, which we were told by those answering the phone on his behalf that he had received. My producer has just called the phone number here again, someone has picked up inside, but whoever it is, they don't want to talk to us.

In one of the very few cases to come before the courts in recent years, Soroosh Homayouni pleaded guilty to twelve charges of breaches of UK export laws, but escaped going to jail. His eighteen months sentence was suspended and he was fined £70,000. Evidence from the US shows his company received more than \$2 million to buy parts for the Iranian military, run through a series of bank accounts. MPs on the Quadripartite Committee, who've looked at the case, have been shocked by the leniency with which he's been treated. The chairman, Labour's Roger Berry, has called for tougher penalties.

BERRY: Does anybody seriously think he didn't know he needed an export licence? He didn't get an export licence, it was to a sensitive destination, he should have had the licence. That should be a jailable offence surely. I mean, drug dealers would be would be put inside for that kind of thing. I mean, this is derisory. My committee has, as a result of evidence on sentencing, specifically called for the sentencing review board to have a look again at sentencing in these areas. I mean interestingly ...

URRY: Are they doing that?

BERRY: Well they refused to do it last year when we asked them to do it, we're asking them to do it again this year.

URRY: Why are they refusing to do it?

BERRY: Well, please do ask them. I mean, we've made a very specific recommendation that the sentencing guidelines council should review the guidelines for these offences. It is true that in recent years the maximum penalty has actually gone up from seven years in prison to ten years, but the fact is that in examples that we've looked at, the prosecutions in recent years, the sentences have been – to put it mildly – modest sentences. A high profile case with a very big sentence on the guilty would, I think, be extremely good for restoring any public confidence that might be lacking, but perhaps even more importantly, act as a big deterrent to people who are engaged in this evil trade.

URRY: It's little wonder Roger Berry is concerned. At his trial, Homayouni's defence successfully argued for the authorities to return to him the equipment seized when Customs raided his storage facilities, and that he be allowed to sell them to pay his costs. The judge at Southwark Crown Court ordered that Homayouni be banned from being a company director for ten years. But in a postscript to this case, when we checked the online register at Companies House, which is supposed to list the names of all those banned from directorships, he wasn't on it. Arms control organisations say all this is in marked contrast to penalties and hefty fines dished out by the courts in America. Roy Isbister, who speaks for the group Saferworld on export matters, says there's also a need to make industry sit up and take notice if they're prepared to take a chance by selling to the middlemen.

ISBISTER: In March of this year a company, ITT, was fined \$100 million for illegally exporting night vision technology to China, Now that sends a seriously different message, and I was in a room with a number of defence industry representatives on the day that \$100 million fine was announced, and that really concentrated minds.

URRY: But what were people saying about, if you like, the British way then, the softer approach that Britain seems to take?

ISBISTER: In the UK, we don't see the political will, a strong enough political will to really go after the problems. By way of example, on the same day in the same room, there was a comment by one defence industry representative. And he was saying that if you took a really hardnosed approach to this, you would be - under the

ISBISTER cont: UK system - it would be smarter to just break the law and risk a fine, which obviously you might not get, than to go through all the hassle and expense of complying with the UK system. And I, you know, and the evidence in that room on that day was that the UK defence industry representatives were more concerned about US export control law than they were about UK export control law.

URRY: We've been told by a US Customs source that the British government has been granting licences to a company exporting from America into the UK and onto Iran. The materials are regarded by the US as sensitive and of possible nuclear use. Our source maintains they've asked Britain not to licence their export, but have been overruled. We've also been told that Iran has been trying to shop for dual use technologies within the UK itself. We wanted to interview a Government trade minister about these concerns, but because of the departmental changes to portfolios which have come with a new Prime Minister, no one was able to take part in this programme. No-one from Customs would be interviewed either. We asked for someone from the Iranian government to answer questions about its procurement activities, but we received no reply to our requests lodged with its embassy in London. For David Albright, president of the Institute for Science and International Security, Britain and many other European countries need to do much more to demonstrate they are dealing effectively with those who are exploiting export control weaknesses to smuggle sensitive goods to countries like Iran.

ALBRIGHT: From my point of view, these are crimes against humanity, and yet they're not listed that way by countries or by the UN. But they are crimes where you're helping someone get nuclear weapons that could kill hundreds of thousands of innocent people, and often the person doing it gets a slap on his hands and probation and a small fine, and so I think the enforcement remains a major problem and until the people who are involved in this, that are convicted, suffer serious consequences, it sends a signal to others that, why don't you take the risk because the money can be so good.

SIGNATURE TUNE