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PRODUCER: Gail Champion

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.

“FILE ON 4”

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URRY: Tonight, File on 4 investigates the British connection to arms deals and sanction busting. The UK claims to have an arms export control regime which is the envy of the world, but what is the Government doing about the shadowy dealers abroad, using British company registration to help them ship weapons to countries where guns shouldn't be going?

SPRAGUE: The enforcement authorities in the UK do not appear to have the necessary information on these brass plate companies, and that, I think, is deeply worrying, and I think it needs to be regulated, and it can't be regulated unless we know who they are.

URRY: Also in the programme, we try to penetrate the fog of ownership which hangs over Iran's merchant shipping fleet. It's under international sanctions because of its involvement in smuggling nuclear components, missile parts and illicit weapon consignments. We reveal that a ship registered in the Isle of Man is accused by Israel of running guns in the Middle East.

GIDOR: They found nine thousand mortar bombs, three thousand katyusha artillery rockets, three thousand recoilless gun shells and twenty thousand grenades and over half a million rounds of small arms ammunition.

URRY: So why are Iranian ships owned by companies in the Isle of Man?

SIGNATURE TUNE

ACTUALITY IN CAR

URRY: I'm on a road in the far south-west of England that will be familiar to many a holidaymaker. I'm passing through the Cornish cathedral city of Truro. Just adjacent to the city centre, where I'm heading now, is a little industrial estate, the sort of place you'd find up and down the length of Britain really. I can see a builder's merchants down here, there are insurance services, accountants and general office space in amongst all these small units. I'm on the trail though of an organisation whose presence here doesn't really seem to make sense. File on 4 has been told that, in amongst these small industrial units, there's an outfit that trades in weapons.

ACTUALITY OF CAR DOOR SLAMMING

URRY: They're called System Use Contract Limited. But only the name exists.

ACTUALITY AT OFFICE

URRY: Hello.

MAN: Hello?

URRY: Sorry to trouble you, I'm from the BBC. I'm looking for a company called System Use Contracts Ltd, they are Ukrainian?

MAN: Doesn't ring a bell with us at all, don't know any Ukrainians here.

ACTUALITY WALKING ROUND ESTATE

URRY: Sorry to interrupt, I'm looking for a company here called System Use Contracts. They're registered here, but everybody I speak to has never seen sight nor sound of them.

MAN 2: I've not heard of them.

MAN 3: Not heard of that at all, no.

URRY: It's a dead end. These people weren't in Truro and it's unlikely they ever were. We've also found addresses for them in London, Kiev and the Seychelles, but the trail's gone cold with those too, which is a worry, because wherever this company is, it's been selling machine gun parts to an embargoed destination in Africa.

ACTUALITY WITH PAPERWORK

SPRAGUE: We're looking at the airway bill and we're looking at the stamp here and it has the name of the UK company, System Use Contract, on it. So on September 9th 2008, this consignment left for Rwanda.

URRY: Oliver Sprague is the programme director on arms control for Amnesty International and has obtained documents he believes are genuine. The parts were sent by plane from Sofia in Bulgaria to Rwanda. Amnesty has copies of the contract and flight documentation.

SPRAGUE: What we are dealing with here are heavy machine gun parts, exactly the kind of weaponry that is used to facilitate killing. It's the sort of thing that gets bolted onto pick up trucks, you can see it on the news footage where you see armed groups driving around and you can see these big guns mounted on the back of trucks and land rovers and land cruisers, and it tends to be exactly this kind of equipment - so significantly lethal.

URRY: Tight regulations in the UK mean those parts would need an export licence, and that would only be granted after close scrutiny by the authorities, because the consignment was sent at a time when regional tensions in the Congo were running high.

SPRAGUE: The time that these shipments took place was a month before the conflict reignited and there is evidence to suggest that weaponry that has gone into destinations – not just Rwanda but neighbouring countries in that region – have ended up in the hands of non government forces, rebel groups operating in neighbouring Democratic Republic of Congo, a destination that has seen several million people in the last few years killed as a result of that ongoing conflict. And this is the reason why System Use Contract operating in Cornwall needs to have a UK export licence from the UK government to work out whether or not it can supply this weaponry. When we checked, this company, System Use Contract, actually hadn't applied for an export licence - there was no record of one being applied for. And this was two Ukrainian individuals that had paid a notionally small amount of money to get a company registered in the UK with a UK letterhead, and they've used that UK letterhead to secure an arms deal.

URRY: It looks as though the machine gun parts never actually came into Britain. So why did the arms dealers bother to register a firm based in Truro?

SPRAGUE: The UK is renowned for having a high profile, well run, legitimate defence industry. Having a UK company on your letterhead automatically gives you respectability. Other exporting governments will look at that and think, this is a bona fide company. It's a lot better to have a UK address on your company than it would be, for example, to have the Seychelles or the British Virgin Islands or one of these other off-shore territories that are often used in these situations.

URRY: But when you follow the trail of this company, you do find a company that owns them registered in the Seychelles.

SPRAGUE: Exactly, and that is how the brass plate and shell company industry works. They are deliberately set up to hide who is running them. If you are going to be selling weapons to very sensitive locations like Rwanda, it probably is better that nobody can really identify who you are. These shell companies, these brass plate companies seem to be operating outside any effective regulatory framework, and that simply isn't good enough.

URRY: Amnesty reported the matter to the UK authorities and was told there'd be an inquiry. But the enforcement agency responsible, HMRC, told us that they wouldn't even confirm if Customs officers had carried out an investigation. And this isn't the only case. The setting up of so-called brass plate companies in the UK by foreign dealers has now become a matter of concern for the parliamentary committee which scrutinises arms exports. Prior to the election, Roger Berry was the chair of that committee. Last year he was invited to Ukraine at the request of its government. Ukraine has large stockpiles of weapons left over from the former Soviet Union era, and it's moving up the league table of arms-selling nations. During talks about the British system, Mr Berry was surprised when Ukraine's Deputy Foreign Minister revealed some disturbing information.

BERRY: In the course of our discussions he handed over a list of names of companies engaged in the arms trade, those that had been given licences to export by the Ukrainian authorities. On translation of this list, it transpired there were twelve UK registered companies and it looked as if they were exporting to some destinations that would have raised eyebrows in the UK. We casually stumbled across this list and this was completely unknown to our embassy in Kiev, so we were very surprised.

URRY: Later, the British Government told the arms export committee that four on that list were brass plate companies. The committee agreed to keep the list confidential, but through enquiries elsewhere, File on 4 has seen it.

ACTUALITY WITH LIST

URRY: And looking at this, you can see why they're worried. Although the Truro company doesn't appear on here, the four others under suspicion have been sending arms to Rwanda, Sri Lanka, Angola and Syria - some of the world's most volatile regions. I can see here that three have addresses in London, there's another in Devon, and it seems that up until the Ukrainians handed these over, British authorities had no idea that they existed or that they had been exporting weapons without a licence, using companies registered here. When they did find out, fourteen months ago, an investigation was promised. The arms export committee wanted to know if the brass plate companies had broken any UK laws, but members weren't given an answer.

BERRY: We did ask Her Majesty's Revenue and Customs, who of course have the authority to enforce the law in this area, and we were advised that they were unable to tell us. All I can say is that, in relation to the particular companies that were drawn to our attention, one reason why we may not know the full details on all of them at this point in time is that investigations are still continuing.

URRY: It's taking a long time, this though, isn't it, to investigate?

BERRY: It is taking a long time. And I really do think the government could have very quickly and very easily, once they realised that arms dealers were using brass plate companies in the UK for whatever purposes, they could have made attempts to indicate this was not acceptable, and I think therefore there were courses of action that could have been taken much more quickly.

URRY: Again, Customs told us they wouldn't confirm whether there was any investigation. So we checked those on the list, and found they were all still registered at Companies House, apparently still trading more than a year later. For Roger Berry there's a need to close this back door route through Britain used by shady arms brokers. He wants them subject to proper regulation.

BERRY: The enforcement authorities in the UK do not appear to have the necessary information on these brass plate companies and that, I think, is deeply worrying. My committee has been arguing for many years now that there should be a list of brokers operating in the UK to throw more light onto this whole business. And therefore I would simply say to companies that want to register in the UK, 'First of all can you tell us are you engaged in the arms trade?' We ought to require that information to be presented and then very clearly we can take action if people aren't honest about it. We do need to know if they are arms dealers, because it's a very dodgy business and I think it needs to be regulated, and it can't be regulated unless we know who they are.

URRY: The government department responsible for the regulation of arms exports is Business Innovation and Skills. We asked them if they are going to adopt the scrutiny committee's recommendation. We were told:

READER IN STUDIO: There are no current plans to implement such a register. Although we have not ruled this out completely, we do not believe it would make any difference in this case.

URRY: So at the moment, companies registered in Britain by foreign arms dealers can export weapons without any licence, evading the system of rigorous scrutiny the UK takes such pride in. The trouble is, no-one knows how many arms shipments there are, but occasionally they do come to light, sometimes by accident.

EXTRACT FROM NEWS PROGRAMME

PRESENTER: It's seven minutes to seven. The American Navy says that more of its warships have surrounded a Ukrainian ship loaded with tanks, hijacked last week by Somali pirates in the

URRY: In September 2008, pirates seized a Ukrainian ship, the MV Faina, off the coast of Somalia. It turned out the vessel was carrying tanks, grenade launchers and ammunition. Although the Ukrainians claimed the weapons were for the Kenyan Ministry of Defence, there were concerns that its real destination was South Sudan, where an uneasy ceasefire with the North is under strain. What hasn't emerged until now is the British connection. The consignment aboard the Faina was part of a much bigger contract, according to Mike Lewis, who at the time did detailed field research for the group, Small Arms Survey.

LEWIS: The Faina and two other ships that preceded it carried a major arms shipment. It is actually quite unusual to see arms shipments of that volume moving around. Those three ships together carried up to a hundred T-72M1 battle tanks, as many as a hundred thousand Kalashnikov assault rifles, munitions for the tanks, anti aircraft guns, so a kind of range of small arms and major heavy weaponry of a volume that could only be used by a major and substantial armed force. The shipping documents and the export licence that travelled with the shipments stated that the shipments were on their way to the Ministry of Defence in Kenya, but there's actually a whole range of evidence that we gathered that indicates that at least some of that shipment has been moved on into Southern Sudan for the use of the government of Southern Sudan and their armed forces, the Sudan

LEWIS cont: People's Liberation Army. We obtained satellite imagery showing that T-72 tanks had arrived in Juba in Southern Sudan and were stationed by March 2010. The presence of those shipments was essentially a relatively open secret in South Sudan at that time.

URRY: And the British connection? Well, according to Mike Lewis, movement of arms on that scale are made possible only by a wider network of brokers, financiers and companies, each of whom plays a role.

LEWIS: You will have an entity that charters the vessel specifically for that job, and the charterer of that vessel is, in many cases, the entity that is closely involved with the cargo itself. And in two of these three shipments, we discovered that the companies that had chartered these ships for these specific voyages were companies registered one in the Isle of Man and the other in London.

URRY: And what were you able to find out about those two companies?

LEWIS: This is where the trail started to get very difficult. The company in the Isle of Man is directed by two Ukrainian nationals who we weren't able to identify. But we subsequently managed to discover that actually it was being used basically as a contract vehicle by a Ukrainian shipping company. In the case of the London registered partnership, the trail is much more complicated. In theory it's a partnership between two British Virgin Islands registered companies, those who had been involved in basically signing the contract documents and organising them with the shipper were Latvian. So again these kind of internationalised networks begin to come into play.

URRY: Do you think it is the case then that that whole structure was set up to obscure who was doing what?

LEWIS: Well it is certainly set up to obscure ownership of the company. Conventionally, where you have a situation where you have a company registered in one place, owned and directed by other nominee companies, often in tax havens, it becomes almost impossible to kind of crack that secrecy nut and determine who is actually the controlling entity of the company.

URRY: As well as revealing some of the complex web spun around major arms deals, the case also shone a light into the fog surrounding the complex world of international shipping. Dr Richard Barnes, a specialist in maritime law at the University of Hull, says there are plenty of regulations, but plenty of dodges too.

BARNES: There is a long standing tradition within the shipping community of using different corporate structures flagging out, chartering in order to manage your shipping affairs properly, and this might be to do with limiting your liability for collisions and so on. And this is perfectly well established and, as I said, it's got a long history. It's not uncommon in the shipping field to find vessels which are owned by a particular subsidiary company, which is in turn owned by another company and is ultimately controlled by a parent company, whose identity is unknown. So clearly the use of different corporate structures can be used in order to disguise the ownership of the vessels and indeed disguise what the vessel is being used for in practice.

URRY: And that's just what Iran is accused of doing with its state controlled merchant vessel fleet. According to the EU, America and the United Nations, its ships have been used for smuggling activities, sometimes in support of its defence industries, which are trying to acquire military goods. Some high tech British technologies have found their way to Iran, with the help of its merchant vessels.

ACTUALITY IN BOAT

URRY: We are doing more than thirty knots now, but I suppose that's pretty leisurely by your high standards, is it?

MCGRIGOR: Well, we only go considerably faster when we need to. Most of the time the conditions don't allow you to do that. Obviously today is quite calm, very calm actually.

URRY: For Neil McGrigor, this isn't fast. He and his crew hold the Round Britain powerboat speed record. It was set in 2005, a test not just of speed but endurance.

MCGRIGOR: We did the record around the country, which still stands to this day, in 27 hours 10 minutes. The average speed was 54 knots, our top speed was 73 knots, and that's over a distance of 1,600 miles, and that included, the average included the fuel stops that we did, of which there were five

URRY: The record-breaking powerboat was the Bradstone Challenger, designed by a British naval architect and kitted out for top performance.

MCGRIGOR: It was a Bladerunner 51 – that's the boat type. It had two caterpillar thousand horsepower engines in, diesels. It provides a very stable platform and cuts through the water in a very soft fashion. Because that is what really stops you from going fast, the effect of the bouncing around on the body. This acts more like a go-cart where it is absolutely flat.

URRY: And how fast is it?

MCGRIGOR: The top speed of that boat was 73 knots, which is about 85 miles an hour.

URRY: Is there anything else that can catch it?

MCGRIGOR: Consistently, the answer is no, because it has long range and it has the ability when the going gets tough to not have to slow down.

URRY: It's speed and stability which make a record breaker like the Bradstone Challenger attractive to navies looking to develop small boat squadrons. After he'd set the record, Neil McGrigor sold the powerboat and went looking for other challenges. Thereafter it was sold on again to others under private ownership. But it seems Iranian Military forces retained an interest, and when they got the opportunity, moved in to snatch it away, despite the attempted interventions of the US authorities.

HOOPER: Shipping a boat halfway around the world, it's an intelligence coup. What it does do is generate headlines and produce the perception that the Iranian Revolutionary Guard has acquired a superior weapon in the Gulf.

URRY: Dr Craig Hooper is a naval strategist based in San Francisco, who's followed the affair. Last year, when the Obama administration got word that the powerboat was in South Africa awaiting final export to Iran, American officials tried to get the South Africans to block it. But there was an administrative foul up - reportedly no-one spotted a fax from the US sent at the weekend to Port Authorities in Durban and so the Challenger was shipped to Iran. According to Dr Hooper, that increases the threat to the US Navy in the Gulf.

HOOPER: The easiest way to use the Bradstone Challenger would be to use it as a weapons platform. Basically if you are trying to target a complex weapon, you need have a boat that isn't shaking and rattling your complex piece of equipment so that it falls apart. That is why we are seeing militaries throughout the world, not just the Iranian Guard Corps, becoming interested in stable, fast small boats, because they can be modified to carry sophisticated weapons.

ACTUALITY OF VIDEO

HOOPER: If you look at the video of the engagement between US vessels and some Iranian speedboats in the Gulf a few years ago, the speedboats are trying to film the warships, and as they are bouncing up and down, they can barely keep the warship in frame.

URRY: So it's this combination of stability and speed that's the key to it?

HOOPER: Right. If you've got something that is fast and stable, you can do things like communicate, you can begin to co-ordinate your small boat swarm and you can operate weapons, that's the ultimate goal.

URRY: The ship which transported the powerboat to the Gulf was a merchant vessel registered in Tehran. That's where the Islamic Republic of Iran Shipping Line, or IRISL as it's known, is based. IRISL has been under increasingly levels of international sanctions during the past two years. According to Matt Godsey, a research associate at the Washington-based Wisconsin project on Nuclear Arms control, that's partly to try to stop the ships smuggling nuclear and military technologies.

GODSEY: The US accused it of helping to ship goods for the Ministry of Defence and Armed Forces Logistics of Iran, which oversees the ballistic missile program, and it has been accused since of a few cases of helping Iran evade sanctions. Iran's not supposed to export arms under sanctions and arms have been exported under this line. The US Government blacklisted the company and many of its vessels. Since then the UN has focused on this company. The sanctions are a deterrent in terms of proliferation, but they're also an economic sanction against the company. The purpose for it is to try to threaten the financial livelihood of a company like this when it takes part in proliferation of nuclear weapons or missiles or other programs.

URRY: But Matt Godsey says Iran's been able to use the complex arrangements of international maritime practice to disguise ownership of the fleet, which helps them to evade sanctions. The ship which transported the Bradstone Challenger is flagged in Hong Kong and owned by entities with known connections to IRISL.

GODSEY: The basic trend has been for them to remove their name from the vessels and from the companies that own the vessels or manage the vessels. They continue to effectively own the ships, but they remove anything that would link, that if someone was to look at a document connected to one of these ships they wouldn't see Islamic Republic of Iran Shipping Line. They might not see the flag Iran, because it has been re-flagged in Malta, for example or Hong Kong. The name of the owner of the company would be different and not on a sanctions list. They're trying to get it so that a company that is scanning a blacklist, for example let's say a company is going to ensure a shipment on a vessel, right, and it looks at the paperwork and it sees what's the name of the vessel, what's the owner, what's the manager? Well, if one of those names is on a UN blacklist, it can't go forward with that transaction. So if you're able to change the vessel name so it's no longer on a blacklist, as long as there's that first layer of deceit, it can be enough to allow business to continue, even under sanction.

URRY: And that's just what's been happening with some British insurers. Last October, new financial sanctions drawn up by the Treasury in London came into force. They forbid those based in the UK from providing any financial services to IRISL. Without insurance, ships can't enter most of the world's ports. Those who sell liability cover are known as Protection and Indemnity or 'P and I Clubs'. They're a group

URRY cont: We have found that three companies here are continuing to provide cover to ships which are owned by these IRISL subsidiaries.

BARDOT: Erm, it may be, you know, there are so many different permutations on ownership that it may not be clear that these were the same vessels that were previously being insured, but club underwriters would exercise diligence to try and make sure that if they are entering Iranian ships, that they are not ships that are subject to the order. What the Treasury need to do is, if they have concerns about specific companies, then rather like the US, they should be putting them on a list, and I think it was a point which we made at the time that this order was issued, that it was very specific, and we did seek clarification on that - it was very specific to IRISL.

URRY: But it does look like business as usual and people are stepping round the spirit of the sanctions, doesn't it?

BARDOT: Well, I would think that's not the case.

URRY: In fact, the insurers haven't broken the precise terms of the Treasury Sanctions. Unlike the American lists, which tell companies who not to do business with, the Treasury doesn't publish any. It doesn't seem to have kept pace with the rapid changes Iran implemented to obscure and change ownership. No one would be interviewed, but the Treasury would tell us only that it encouraged industry to be vigilant and is keeping its restriction powers under review. It's not just the insurance industry where questions are being asked about the sanctions regime.

ACTUALITY AT AIRPORT

WOMAN: Flight BE819 for the Isle of Man is now reading for boarding through gate 16. Could all passengers please have their boarding cards and personal IDs ready for inspection

URRY: It takes less than 45 minutes by plane from the North West to the Isle of Man. But although it's only a short flight, this Crown Dependency is legally and politically distinct from the mainland, with its own parliament and its own laws.

BROWN: Well I think as long as we are not in breach of the UN sanctions that apply at the time, then that is appropriate.

URRY: It's just this worry, isn't it, that it's helping Iran at the moment to evade the sanctions regime?

BROWN: I think importantly is that the United Nations and the sovereign states will bring in appropriate safeguards, and countries like the Isle of Man, who are the smaller countries, who are not sovereign states, will of course, and certainly in our case we do, adopt those sanctions and we will deal with them appropriately. I think we have to then be realistic. We can't do any more, we shouldn't be expected to do any more and ...

URRY: Well you could shut ...you know what the sanctions are driving at, don't you? You could be shutting the companies down.

BROWN: Well why would we shut down legitimate business, no more than the UK would? We will act effectively, but I don't think we should be expected to take action that the international world is not willing to take.

URRY: But events late last year may cause the island's government to reconsider.

ARCHIVE EXTRACT

MAN: The Israeli Navy stopped and committed compliance boarding on board a ... vessel one hundred miles west to the Israeli shores

URRY: At a news conference in November, an Israeli general gave details about an operation to board a merchant vessel. The ship was called the Francop, and it was flying the flag of Antigua. But there were suspicions of Iranian involvement.

ARCHIVE EXTRACT

MAN: During this boarding, an initial check was conducted, uncovering various types of weaponry. Direct weaponry was disguised as a civilian cargo.

URRY: According to Ran Gidor, a political advisor at the Israeli embassy in London, the shipping manifests showed the cargo to be a consignment of polythene bags. But instead, hidden inside containers, was the biggest haul of arms ever seized by Israel.

GIDOR: Five hundred tons of weaponry and ammunition. More specifically they found about nine thousand mortar bombs of different types, three thousand katyusha artillery rockets, three thousand recoilless gun shells and twenty thousand grenades and over half a million rounds of small arms ammunition.

URRY: What evidence was there then on board of Iranian involvement in that arms shipment?

GIDOR: Oh, it was all over the place. I mean, first of all, many of the crates carried either the logo of the Iranian Revolutionary Guards, or of IRISL, the Iranian national shipping company. Some of the gear, some of the ammunition on board of the ship was produced by Iran; more specifically the fuses which were found on board are produced only inside Iran. And it's important to stress that for Iran to ship out weapons and ammunition is a contravention of a security council resolution, regardless of who the end user of the weapon might be.

URRY: The Israelis say shipping documents show the consignment was bound for Syria, but destined for Hezbollah in Lebanon. Syria and Hezbollah have denied any involvement. According to the Israeli Foreign Ministry, the journey of the weapons began on a different ship, at the Iranian port of Bandar Abbas in the Persian Gulf in early October 2009. On the 26th it was unloaded in the Egyptian Port of Damietta, where it was picked up a few days later by the Francop. The Foreign Ministry named the vessel which made the initial run from Iran to Egypt as an IRISL ship called the Visea.

ACTUALITY IN OFFICE WITH PAPERS

URRY: Our investigation can reveal that the Visea is owned by a company registered in the Isle of Man. These are the certified documents from the Island's authorities. They show the Visea's registered port is Douglas in the Isle of Man and that the owners are Byfleet Shipping Company Limited, also at an address in Douglas. One of the directors is Captain Nigel Malpass. There's no suggestion that he had any knowledge of the activities of the ships owned by the companies of which he was a director. Although he wouldn't be interviewed, we did ask him what his responsibilities were as a company director under these arrangements. He didn't answer that, instead writing to point out:

READER IN STUDIO: IRISL has always strenuously denied these allegations.

URRY: And he added that:

READER IN STUDIO: The matter was investigated in depth by the authorities in the Isle of Man responsible for monitoring such activities, and after fully investigating the allegations, the authorities have been satisfied that there was nothing carried out by myself or my associates which could be interpreted as infringing the appropriate sanctions.

URRY: Chief Minister Tony Brown had already told File on 4 no sanctions had been broken, but did he know about the claims of involvement of the locally owned Visea in transporting illicit weapons in the Middle East? There is a ship owned by a company in the Isle of Man, which Israel's foreign ministry say was involved in running a large consignment of weapons from Iran, they say bound for Syria, in breach of a UN embargo.

BROWN: Well there is no evidence of any direct involvement by anybody in the Isle of Man, or companies in the Isle of Man in dealing with this. That may well be an allegation, but in fact there is no evidence.

URRY: Well, we have evidence that it is a company here that owns it.

BROWN: The Isle of Man can only apply sanctions, we can't take unilateral action, and as long as we are complying with the international norm, then we can't be expected to do any more. And I think quite clearly, if in fact there is an issue there, Israel should be taking that matter up with the United Nations

URRY: Well they have, they have taken it up with the UN.

BROWN: And therefore I presume then, if it is a matter that is of serious concern, the UN and other parties, the sovereign states will be looking at how to tighten up on that issue.

URRY: Are you going to do anything about it here?

BROWN: Well, we have no status to do anything in terms of the international community. The United Kingdom authorities have not, as far as I'm aware, made any representation to the Isle of Man saying that they see a breach of sanctions, if that happens then we of course will work with them, as we would normally do, and we would investigate quite thoroughly whether or not there's been a breach. If there has, we will take the appropriate actions through the courts.

URRY: It's down to the UK to trigger this though is what you're saying?

BROWN: Well, the Isle of Man will actively get information brought to our attention, whether it comes from the UK or any other source.

URRY: For Ran Gidor of the Israeli embassy in London, the Island should be doing more to distance itself and its people from dealing with IRISL.

GIDOR: It's not really my place as an Israeli diplomat to advise the British government what to do vis a vis the Isle of Man. What I would say, however, is that I think the authorities of the Isle of Man would do very well to protect their own business community and residents from getting involved in operations with IRISL and Iranian navigation. They would be exposing themselves to potential litigation in the US and elsewhere.

URRY: The Chief Minister in the Isle of Man tells us that his authorities have done investigations and that nobody's been breaking any sanctions.

GIDOR: That statement would be considered disingenuous by some of us, there are at least two Security Council resolutions flagging up IRISL's illegal activity. So for the Isle of Man to claim that everything it's done so far satisfies the international requirement is probably, strictly speaking, true but it doesn't satisfy the spirit of the Security Council resolutions.

URRY: The Foreign and Commonwealth Office knew nothing about the Isle of Man connection to the weapons smuggling until File on 4 told them. So are they planning to do anything about the enforcement of sanctions? In a statement we were told:

READER IN STUDIO: The Isle of Man is a self-governing Dependency. The Crown Dependencies are not represented in the UK Parliament and UK legislation does not normally extend to them. The issue is a matter for the Isle of Man Government.

URRY: We contacted the Iranian embassy in London to ask for an interview for this programme, but no-one responded. We also wanted to interview the British Foreign Secretary, who's been talking a tough game on Iran, to ask him whether he'd take any action, following File on 4's investigations. But we were told he was unavailable. Later this month though, William Hague and his EU counterparts are expected to give more details about the latest round of European sanctions targeting Iran and its shipping fleet. But he'll have to do so, knowing that Britain could have kept a closer watch on those restrictions already in place - restrictions which, on the evidence of this programme, have so far failed to prevent the Iranian shipping line from continuing its operations throughout the world.

SIGNATURE TUNE