

Dubai a hotspot for Iranian illicit trade

Hugh Tomlinson Dubai

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The quayside at Dubai Creek is stacked with consumer goods of every kind — washing machines, car tyres, toys and cigarettes. Dockworkers shout and cranes whine as cargo is loaded on to ships, much of it bound for Iran.

Every day dozens of boats shuttle back and forth across the Gulf between Dubai and Iran's southern ports. The sheer volume of trade makes monitoring everything coming in and out almost impossible.

“You hear of everything coming through here. Really, everything,” said one worker, who did not wish to be named.

Dubai's position as the trade hub of the Gulf has made it Iran's offshore business centre. Some 8,000 Iranian businesses have based themselves here, among them front companies for the Revolutionary Guard.

These companies have been busily acquiring illicit goods for Iran's weapons and nuclear programmes. Businesses in the US and Europe have been duped into exporting banned equipment to Iran via trading companies in Dubai, which have used falsified end-user certificates for companies in Asia.

Iranian banks in Dubai have enabled the regime in Tehran to launder its money abroad and gain access to buy and trade in US dollars.

The emirate has also been used for Iranian weapons exports to Hamas and Hezbollah. Mahmoud al-Mabhouh, the Hamas commander assassinated in his Dubai hotel room in January, is believed to have visited the city to arrange a shipment of weapons from Iran.

Officials in Dubai have been reluctant to acknowledge the scale of the problem. Most of the Iranian traders by the Creek are legitimate and trade with Iran was worth \$12 billion (£7.5 billion) to the economy of the United Arab Emirates in 2007, before the recession.

This year, however, the pressure from Washington to take sanctions has finally told.

UAE security forces have admitted intercepting several vessels carrying illegal shipments believed to be on their way to Iran, including titanium that could be used in long-range missiles, and computers.

Dozens of companies linked to the Revolutionary Guard have been raided and 41 bank accounts linked to Iran have been frozen.

The UAE Central Bank has demanded that banks should submit details of all remittances to Iran. Lines of credit to Iranian businesses in Dubai have dried up.

Iranian traders by the Creek complain that the sanctions are a blunt instrument, with legitimate traders being put out of business. Up to 450 Iranian companies in Dubai have closed.

With Dubai in the spotlight, security analysts in the Gulf believe much of Iran's illicit trade has moved up the coast to the Omani exclave of Musandam.

Lying at the narrowest point of the Straits of Hormuz, Musandam has long been a hot spot for gangs running drugs and guns out of Iran. With its lax border controls, the area offers the Revolutionary Guard a new option to keep its trade routes open.

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