

Has Austria accepted the Mullah's bomb?

Semi-state-owned Austria energy giant OMV plans mammoth deal with Iran¹

by Matthias Küntzel

On April 21, 2007, representatives of the Austrian Oil Management Company (Oestereichische Mineralölverwaltung - OMV) and the Iranian regime signed three letters of intent regarding the biggest natural gas deal that a European company had ever concluded with Iran. The Austrian energy company plans, in the first place, to take a 20% stake in the development of an Iranian natural gas field. Secondly, it intends to take a 10% stake in an Iranian installation for the production of liquefied natural gas (LNG) and to ship the product of this venture to Europe in large quantities (2.2 million tons per year). Finally, OMV will permit the Mullah regime to participate in the Nabucco pipeline, via which it would transport enormous amounts of natural gas (some 5 billion cubic meters per year) to Austria. The deal is said to be worth some 30 billion dollars or 22 billion euro.

It is understandable that the Ahmadinejad government has celebrated the signings of these letters of intent: praising the Austrians to the skies and exploiting the signings for public relations purposes. It is horrifying that all of the political parties represented in the Austrian parliament supported the Iran deal in knee-jerk fashion and defended it against foreign criticisms. And it is cynical of the Austrian Foreign Minister to claim that the deal was “merely a business matter” that – since, after all, its object is natural gas – has nothing to do with the Iranian nuclear program.

The political consensus in Vienna is the real problem. Austria's “Grand Coalition” government is apparently determined to reward the Iranian regime

¹ This paper was presented at the press conference “Who is Fueling Who?”, organized by “Réalité EU” in Vienna, Austria on May 9, 2007.

for the demonstrative contempt it has shown for the resolutions of the UN Security Council.

There are many energy companies that would be eager to exploit the Iranian natural gas fields. Nonetheless, they have subordinated their profit-seeking to the political will of the international community. The latter has determined that the Mullah regime cannot be courted, but must rather be isolated so long as it fails to put an end to its illegal nuclear program with potential military applications. In December 2006, the UN Security Council imposed sanctions on Iran. This was only a first step. In the event of Iranian non-compliance, UNSC Resolution 1737 lays down that “further appropriate measures under

Article 41 of Chapter VII of the Charter of the United Nations” should be adopted. The measures foreseen under Article 41 include the “complete or partial interruption of economic relations.”

Even independently of the UN Security Council, the economic pressure on Iran is already being effectively increased. More than 40 major international banks and financial institutions have either cut off or cut back their business with Iran.² Firms like BP and the German insurer Allianz have stopped doing business with Iran. Giants of the energy industry like Shell, Total, Repsol and E.ON are hesitating to sign new contracts. Since June 2005, when Mahoud Ahmadinejad was elected president, not a single foreign firm has concluded an oil or natural gas deal with Iran.³

OMV and the Austrian state, which holds a 30% stake in the firm, have now broken with this international consensus. Instead of reinforcing the pressure to which the regime has been exposed, Vienna is filling the gap for Iran. Instead of making its approval of the OMV projects dependent upon a change in Iranian nuclear policy, Austria’s “grand coalition” is looking to be the first western government to come to terms with the Iranian bomb.

² Robin Wright, *Iran Feels Pinch As Major Banks Curtail Business*, in: Washington Post, March 26, 2007.

³ Jad Mouawad, *An excess of problems for Iranian energy*, in: International Herald Tribune, February 12, 2007.

What Foreign Minister Ursula Plassnik calls “merely a business matter” is in fact a diplomatic signal. Other European energy concerns are already in the starting blocks. They are flanked by politicians and policy experts who advocate a “common front” of Europe and radical Islam against the United States. Thus, in January 2006, Volker Perthes, one of the most influential advisors of the German Foreign Minister, proposed establishing a strategic alliance between the Mullahs and the EU by way of the Nabucco pipeline project. Representatives of the European Commission share the same conception. Thus Energy Commissioner Andris Piebalgs has expressly stated his support for OMV’s Iranian projects.

The European Investment Bank has been playing an obscure role in the affair. It was in February 2006, as the Iranian president’s tirades reached their height, that this bank secretly decided to put a billion dollars into the Nabucco project. The European Parliament was not consulted. There was no public discussion of the matter. The bank, however, is an EU body. Its capital comes from the EU member states. As an EU financial organ, it is obliged to pursue the EU’s political goals. Does propping up the economy of a regime that publicly hangs young women and men for their sexual relationships count as one of the EU’s or as one of Austria’s political goals?

Thus, the OMV letters of intent could provoke a domino effect. Up until now, for instance, a natural gas deal agreed between the German company E.ON and Iran has been stalled, because the German government has refused to give its authorization. In light of the Austrian initiative, will its resolve continue to hold now? And if not, would there be any chance of still stopping the Iranian bomb?

Austria, Germany, and the EU act as if it is a matter of minor importance whether Iran has nuclear weapons or not. Austria seems to have fallen prey to the illusion that a nuclear Iran would have no impact on Europe. But there could be no bigger mistake. An Iran with nuclear weapons would be a nightmare not only for Israel, but also for Europe itself.

If Iran were to develop nuclear weapons, the whole of the Middle East would go nuclear too: whether because the Iranian regime would fulfil its promise to pass the technology on to its Islamist friends or because the Arab regimes would seek their own nuclear capability in Iran's wake.

The specific danger presented by the Iranian bomb, however, stems from the unique ideological atmosphere in which it would come into being: a mixture of death-wish and weapons-grade uranium, of Holocaust denial and High-Tech, of fantasies of world domination and missile research, of Shiite messianism and plutonium. There are other dictatorships in the world. But in Iran the fantasy-worlds of antisemitism and a sense of religious mission are combined with technological megalomania and the physics of mass destruction. Today, we again face a danger that first appeared on the horizon 70 years ago: the danger of a kind of "Adolf Hitler" with nuclear weapons.

Does anyone really believe that Europe would be hardly affected by this? "We must take the Iranian President's rhetoric seriously," Angela Merkel, the German Chancellor insisted recently. Quite right! Ahmadinejad is gleefully contemplating the end of liberal democracy as such: "Those with insights can already hear the sounds of the shattering and fall of the ideology and thoughts of the liberal democratic systems," he wrote in his letter to President Bush, expressing the shared view of the entire theocratic elite. He sees himself and his country as being in the midst of a "historical war that has been underway for hundreds of years" and declares that "we must make ourselves aware of the baseness of our enemy, such that our holy hatred will spread ever further like a wave." It is in order to win *this* war that the Shahab 5 missile is being built: a missile that can carry nuclear warheads and strike almost any target in Europe. It is in order to win *this* war that thousands of suicide bombers have been recruited and Hezbollah cells established throughout Europe – cells whose members are under the direct command of the Iranian secret services.

If Iran gets the bomb, Europe will immediately find itself in a new situation. Whether or not Iran formally declares itself to be a nuclear power is secondary. In the same way as the death sentence on British author Salman

Rushdie was sufficient to strike fear into thousands, so will Iran's nuclear option suffice to torpedo any prospect of peace in the Middle East and to keep Europe in check.

Tehran is deliberately pursuing its drive toward nuclear weapons. Time is at a premium. The security environment for the twenty-first century is being decided right now. The Iranian bomb can still be prevented. Europe holds the keys. Iran needs Europe. Iran gets 40% of its imports from the EU, which in turn takes in 25% of Iranian exports. In particular, Tehran is dependent upon firms like OMV for the development of its natural gas fields. Blocking investment in this sector would have a negative effect on the whole of the Iranian economy. ⁴ Such a policy would show the regime that its nuclear policy has consequences.

By contrast, Europe is not dependent upon the Mullah regime. In 2005, not even one percent of European imports came from Iran. Trade with Iran accounted for only 1.2% of European exports. European firms can do without these exports. This is true in particular for OMV, whose total sales last year increased by 22% and whose net profit increased by 11% to 1.6 billion euro. ⁵ The OMV letter of intent, its kowtowing before the Iranian regime, is the product not of necessity, but of a freely chosen strategic decision.

As the silent partner of a terror regime, OMV has an image problem. The reactions to the signing of the accord from its Vienna headquarters were as laconic as those of its Iranian business partner were triumphal. The company seems to sense that the Iran deal cannot be made compatible with the pledge made in its own Corporate Mission Statement: "We support and respect the protection of internationally recognized human rights." They quickly added a new page to their site on "How do our activities in Iran fit with Corporate Social Responsibility?" Here all the finely-spun phrases are

⁴ See: *Wie resistent ist Irans Wirtschaft gegen Sanktionen?*, in: Neue Züricher Zeitung, March 1, 2007.

⁵ *OMV schaut sich in Osteuropa um*, in: Frankfurter Allgemeine Zeitung, March 7, and *OMV Reports 2006 Results* on www.oilvoice.com.

corrected to accommodate the latest business developments: “According to our understanding of corporate social responsibility, CSR has nothing to do with politics in the individual countries or on the international stage.”⁶ Will this clarification be able to prevent more and more German speakers from associating the “MV” in the firm’s name with “*Massen-Vernichtung*”: “mass destruction”?

OMV, Austria and Europe still have a choice. Will OMV realize its letters of intent or will Austria and Europe show some resolve? Will Vienna acquiesce in the Iranian dictatorship escalating its holy war at the gates of Europe by seeking nuclear weapons? Or will it summon up the will to raise the economic price Iran must pay to a point where the regime – which is facing mounting popular discontent – has to give way?

If respect for the victims of the Holocaust still counts for anything in Austria and Germany, then any enterprise or bank doing business with the only country in the world that has made Holocaust denial a component of its foreign policy must be subject to public censure. If Austrian and German civil societies wish to make good on their claim to have learned the lessons of history, then they must exert pressure on their governments until they do what has to be done to prevent the Iranian bomb. If European governments do not act without delay to put massive pressure on Iran and confront it with the alternative of either changing course or suffering devastating economic consequences, the only choice that will remain for the West will be the choice between a bad option – the military option – and a dreadful one: the Iranian bomb.

Whoever wants to prevent the Iranian nuclear program by non-military means must act to insure that the April 21 agreement between OMV and Iran comes to nothing.

⁶ http://www.omv.com/smgr/portal/jsp/index.jsp?p_site=AT