

Gold Sanctions on Iran As Currency Wars Escalate

By [Global Research News](#)

Global Research, December 12, 2012
goldcore.com

Region: [Middle East & North Africa](#)

Theme: [Global Economy](#)

Turkey's trade balance may turn on whether President Barack Obama vetoes more stringent sanctions against Iran after the U.S. Senate passed a measure targeting loopholes in gold exports to the Islamic Republic.

Turkey's gold trade with neighbouring Iran has helped shrink its trade deficit over the past year according to Bloomberg.

Incredibly, precious metals accounted for about half of the almost \$21 billion decline.

That's calmed investor concern over its current-account gap, and helped persuade Fitch Ratings to give Turkey its first investment-grade rating since 1994.

The U.S. Senate voted 94-0 on Nov. 30 to approve new sanctions against Iran, closing gaps from previous measures, including trade in precious metals. Obama, who opposes the move on the grounds it may undercut existing efforts to rein in the nation's nuclear ambitions, signed an executive order in July restricting gold payments to Iranian state institutions.

Turkey exported \$11.9 billion of gold in the first 10 months of the year, according to the Ankara-based statistics agency's website.

A very large 85% of the shipments went to Iran and the United Arab Emirates.

Iran is buying the gold with payments Turkey makes for natural gas it purchases in liras, Turkish Deputy Prime Minister Ali Babacan told a parliamentary committee in Ankara on Nov. 23.

Iran provides Turkey with between 21% and 25% of its gas, data from the Energy Market Regulatory Authority and Energy Minister Taner Yildiz showed.

The current-account deficit may fall to \$57.3 billion by year-end, according to a bi-weekly survey of economists by the central bank published on Dec. 6. That compares with \$77.1 billion last year, when Turkey had the second-biggest deficit in the world, behind the U.S.

The U.S. and the European Union say Iran is secretly pursuing a nuclear weapons capability. Iran says its nuclear program is strictly for civilian energy and medical research.

The trade with Iran is a strategic necessity for Turkey, and the government will view any new U.S. sanctions according to its own interests, Prime Minister Recep Tayyip Erdogan said in Istanbul on Dec. 3. Turkey isn't concerned with how it pays for the gas it buys from Iran and would pay in "potatoes" if necessary, Yildiz said two days later.

The proposed U.S. amendment introduced by senators Robert Menendez and Mark Kirk is confusing and inconsistent in applying sanctions, according to an e-mail from the White House on Nov. 29 that was obtained by Bloomberg News.

The Menendez-Kirk amendment would allow purchases of Iranian natural gas if payments are made in local currencies into an account that Iran could only use for approved trade.

The State Department said Dec. 7 that nine oil-importing nations, including Turkey, will continue to be exempt from the sanctions aimed at Iran, according to an e-mailed statement. A spokeswoman at the U.S. embassy in Ankara, who asked not to be identified in line with policy, declined to comment the next day.

The gold debate poses a dilemma for Turkey, and the nation's finances may be affected by the outcome, according to Nilufer Sezgin, chief economist at Erste Securities in Istanbul.

The Turkey Iran gold for energy trade shows the benefits of gold.

While not a productive asset, it can create much employment, preserve wealth and has important monetary uses – especially in times of crisis.

Gold is becoming an essential means of payment again in the Middle East again. We expect to see this trend continue in the coming months as competitive currency devaluations are pursued by nations globally in order to prevent deep recessions and depression.

In time other large energy exporters such as Russia and Venezuela may take payment for their oil exports in gold.

Those continuing to simplistically call gold “a bubble” have yet to realise how gold is becoming money again.

As doubts grow about the euro, the dollar, the pound and fiat currencies internationally we expect currency devaluations and currency and gold wars to intensify.

Gold is going from a fringe investment asset to a mainstream store of wealth held by prudent individuals, institutions, banks and nations.

The original source of this article is goldcore.com
Copyright © Global Research News, goldcore.com, 2012

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Global Research News](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants

permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca