SHANKAR IAS PARLIAMENT
Information is Empowering

Operation Economic Outcast

Prelims: *Current events of national and international importance| International relations*

Why in News?

United States has launched "Operation Economic Outcast" against Iran to intensify economic pressure on Tehran.

About

- It is a US economic pressure campaign aimed at isolating Iran from the global economy.
- It targets not only Iranian entities but also foreign companies, banks and countries that continue to facilitate Iran-related transactions.
- **Aim** – To weaken the financial networks supporting the Iranian government and Islamic Revolutionary Guard Corps (IRGC).

Features

- **Secondary sanctions –** Foreign banks and companies can face US penalties if they facilitate prohibited transactions involving Iran.
    - This gives the US influence over entities that may not directly fall under US jurisdiction.
- **Targeted sectors –** 5 major areas
    - Digital assets and cryptocurrency
    - Technology and dual-use goods
    - Gold
    - Aviation
    - Shipping
- **Shipping and oil networks –** Iran has used complex ownership structures, intermediaries and ship-to-ship transfers to continue oil trade despite sanctions.
    - The US is targeting these networks to reduce Iran's oil revenues.
- **Technology procurement –** Iranian networks are accused of procuring dual-use technologies that can support nuclear research and missile development.
- **Dollar-based leverage –** The US has warned that entities facilitating financial transactions for Iran could be excluded from the US dollar financial system.
    - Since the dollar plays a major role in international trade, such exclusion can seriously affect banks and businesses.
- **China as a challenge** –
    - China is a major buyer of Iranian oil, making it crucial to the success of the US

strategy.
    - Strong sanctions against Chinese entities could create a wider US-China economic confrontation.
- China has opposed the use of unilateral sanctions and favours diplomatic solutions.
- **US objective** – To force Iran to choose between greater economic isolation, or Reintegration into the global economy after meeting US demands.

Reference

News18| Operation Economic Outcast