

# War Profiteering: How do Economic Sanctions affect Halliburton Energy Services, Inc.?

By [Anthony Newkirk](#)

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## Halliburton Energy Services, Inc., Sanctions-Buster!

Economic sanctions have been applied on Iran pursuant to a US sponsored United Nations Security Council resolution. Recent reports in the *New York Times* and the *Washington Post* focus on U.S. pressures on foreign companies and governments which are known to either support or have business ties with Iran. Curiously, these reports do not mention Halliburton Energy Services Inc, a company with direct links to the Vice President's Office, which has, despite the US sponsored sanctions, important investments in Iran's energy sector.[1](#)

Late last month, Halliburton's public relations department announced that the oilfield services firm will sell its KBR unit that is mired in the Nigerian bribery scandal. Then on March 11 came truly bizarre news: Halliburton's corporate headquarters will move from Houston to Dubai in the United Arab Emirates. Even with last year's furor over Dubai Ports World, the public response so far has been crashing silence. But I suppose that only makes sense as U.S.-UAE relations aren't newsworthy either (Lockheed Martin's sale of 80 F-16 fighters, on-going free trade talks, and the Navy's contract with Dubai-owned Inchcape Shipping Services).[2](#)

Reducing corporate tax liability seems to be a motive for Halliburton management who want to relocate company headquarters to Dubai. Nor do the United States and the UAE have an extradition treaty, which Halliburton executives may find useful someday.[3](#) But this is nothing next to the fact that Halliburton already has an institutional presence in Dubai and is violating U.S. embargoes against "rogue states" if not directly, then at least in spirit.

Incorporated in the Cayman Islands, Halliburton Products and Services Limited (HPSL) works out of an office in Dubai. Halliburton claims that HPSL is an "independent" foreign subsidiary that is not directly managed by U.S. citizens. Halliburton argues that it therefore does not have to pay taxes on HPSL's revenues. The argument continues that, not being managed by U.S. citizens, Halliburton's foreign subsidiaries are not subject to U.S. legal restrictions. But the Treasury Department's Office of Foreign Assets Control maintains that "U.S. persons may not approve, finance, facilitate or guarantee any transaction by a foreign person where that transaction by a foreign person would be prohibited if performed by a U.S. person or from the United States."[4](#) No matter. Besides, perhaps I miss the point but how can HPSL be both a "subsidiary" and "independent" at the same time?

Ever since the start of the Bush administration, anyone who cared to know could learn that Halliburton was under Federal investigation for violating sanctions against Iran. It is also common knowledge - that is, among those who care to know - that some of the deeds in

question may have begun when Vice-President Dick Cheney was Halliburton's CEO in the 1990s nor has there been a criminal prosecution in relation to any of them.<sup>5</sup>

Illegal or not, HPSL's work in Iran has been interesting. In January 2005, after an Iranian newspaper reported it, Halliburton admitted that HPSL won a sub-contract from Oriental Kish Oil, a private Iranian company, to develop a section of the South Pars gas field in the Persian Gulf. But supposedly fearing for national security, the new Ahmadinejad regime blocked HPSL's participation in the project in September (a high-level Oriental Kish executive was also a key negotiator with the IAEA and western powers about Iran's civilian nuclear program).<sup>6</sup>

It was sometime during this period, sources claim, that Halliburton sold components for nuclear reactors to Iran via HPSL. If this is true and if the Iranian nuclear program does have a military component, the implications are unspeakable. Did representatives of Halliburton, or any of its corporate entities, consider risks to U.S. national security during phases of the South Pars negotiations? Does HPSL still keep an office in Tehran? These are not trivial questions for besides HPSL, at least five Halliburton foreign subsidiaries have sold products and services to customers in Iran (incidentally, this information is confirmed by a 2003 company report posted on the Halliburton website).<sup>7</sup>

What does America's most famous former Halliburton employee think about his old company's purported links with Iran? When he was CEO in 1998, Cheney put it this way: "I think we'd be better off if we...backed off those sanctions [and] didn't try to impose secondary boycotts on companies...trying to do business over there." Straight-shooting talk but are they the words of a rugged patriot?<sup>8</sup> In some people's minds, they may conjure up memories of unpunished treason by certain "U.S. persons" during World War II.

The comeback that Halliburton is not the only sanctions-buster is childish. On the other hand, "vigorous" enforcement of current embargo legislation caters to warmongers in our country. At issue is Halliburton's *own* behavior. But rather than expecting "apologies," we must make sanctions-busting and war-profiteering unprofitable. How? A boycott movement directed at business that deal with Halliburton is in order. Efforts by municipal and state authorities over the past few years to "clean up" employee pension funds are also positive steps. For their part, national law-makers must develop full-blown and consistent legislation that does not punish foreign populations but rather American sanctions-busters. Congress and President Bush should hold Halliburton liable for the actions of its foreign subsidiaries. Assuming that our elected leaders have the "political will" to do so.

## Notes

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