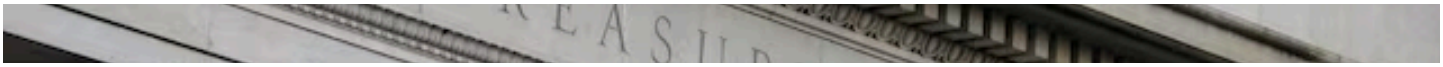
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US Treasury presses Singapore and Malaysia on Iran sanctions compliance

By **Gregor Stuart Hunter**

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The United States Department of the Treasury is seen in Washington, D.C., U.S., August 30, 2020. REUTERS/Andrew Kelly

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Summary

Washington warns of more enforcement actions in Asia to end conflict in Middle East

US aims to cripple Iran's economy with sanctions on oil trade and front companies

Officials raised Tehran-Kuala Lumpur flights with Malaysian government

SINGAPORE, Nov 20 (Reuters) - US Treasury Department officials met with government authorities in Singapore and Malaysia this week, including regulators and national security bodies, to warn of potential risks they could face if they do not comply with US sanctions on Iran.

Washington is urging the countries, as well as law firms and banks operating there, to stay alert for Iranian front companies, as it steps up efforts to enforce sanctions in Asia and bring about a speedy end to the conflict in the Middle East.

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The US is urging additional scrutiny on "high-risk" sectors such as maritime transport, aviation services and procurement networks, "to make sure they're not fronting for Iran," said a Treasury Department official.

"We want it to be understood too, that we're going to target these lifelines, and it's not going to be a negotiation when we find a lifeline that needs to be targeted," the official said.

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Since the US and Israel commenced strikes on Iran in February, the US has intensified actions to throttle Tehran's business interests overseas.

In August, President Donald Trump's administration launched Operation Economic Outcast, resulting in a barrage of sanctions against targets spanning Canadian digital currency platforms to a major Russian banking group.

OIL ON WATER

For years, tankers have regularly made stops in the waters around Malaysia, Singapore and Indonesia to make ship-to-ship transfers of Iranian oil that help obscure its origin.

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Last year, Malaysian authorities said they would more tightly enforce rules around these transfers and in February seized two tankers and their cargoes.

Since April, the US Navy has imposed a blockade on shipping reaching Iran through the Strait of Hormuz, and this month has cracked down on movement over Iran's land borders and through the Caspian Sea.

In July, the Treasury Department sanctioned dozens of individuals, vessels and companies based in Singapore, Hong Kong, the UAE, the Marshall Islands and St Kitts and Nevis linked to Iranian oil magnate Mohammad Hossein Shamkhani.

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These efforts were starting to disrupt Iran's source of revenue, the US official said, citing data showing that the country is currently undergoing the worst GDP contraction in four decades and the highest rate of inflation since World War II.

IRANIAN AIRLINES

However, the official said there was still work to be done.

"There's an Iranian airline that flies to Malaysia, or has, recently, so we raised this," the US official said, without naming the carrier.

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Using public flight records, Reuters identified a regularly scheduled flight between Tehran and Kuala Lumpur operated by Iran Airtour, which flew as recently as November 14. A scheduled flight on November 17 did not depart, the records also show.

Iran Airtour did not respond to an emailed request for comment sent outside of business hours on Friday.

Most Iranian airlines largely stopped flying to Malaysia in 2022 due to US sanctions on refuelling Iranian planes. However, Iran Airtour, a privately owned airline, resumed flights to Malaysia in November 2025, according to Iranian media.

On September 8, the US imposed sanctions on dozens of companies in the UAE, Britain, Malaysia, Turkey and Kazakhstan it said were supporting Iran's aviation sector to move weapons, personnel and illicit cargo.

The following day, Iran Air officials met with Malaysia's ambassador to Iran to discuss resuming direct flights between Iran and Kuala Lumpur.

'DOING OUR PART'

Both Malaysia and Singapore implement UN Security Council sanctions on Iran.

Singapore's government said in a statement it "is firmly committed to doing our part" and "preventing bad actors from abusing our corporate vehicles," citing its efforts to strengthen vigilance in the maritime and financial industries this year.

The Malaysian government did not respond to requests for comment.

Reporting by Gregor Stuart Hunter; Additional reporting by Ashley Tang and Jun Yuan Yong; Editing by Hugh Lawson

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