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# Iran Sanctions

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## Summary

The multilateral nuclear accord (Joint Comprehensive Plan of Action, or JCPOA) provides Iran broad relief from U.S., U.N., and multilateral sanctions on Iran's civilian economic sectors, including U.S. secondary sanctions (sanctions on foreign firms that do business with Iran). On January 16, 2016, upon the International Atomic Energy Agency (IAEA) certification that Iran had complied with the stipulated nuclear dismantlement commitments, U.S. Administration waivers of relevant sanctions laws took effect, relevant executive orders (E.O.s) were revoked, and corresponding U.N. and EU sanctions were lifted.

Under U.N. Security Council Resolution 2231, nonbinding U.N. restrictions on Iran's development of nuclear-capable ballistic missiles and a binding ban on its importation or exportation of arms remain in place for several years. Iran was able to develop its nuclear and missile programs and to assist pro-Iranian regional groups and governments even when strict sanctions were in place. Also remaining in place is a general ban on U.S. trade with and investment in Iran, including regulations barring transactions between U.S. and Iranian banks, and U.S. sanctions imposed because of Iran's support for terrorism, its human rights abuses, its interference in specified countries in the region, and its missile and advanced conventional weapons programs, as well as sanctions on the Islamic Revolutionary Guard Corps (IRGC) and designated commanders, subunits, and affiliates. Some additional sanctions on these entities and activities were made mandatory by the Countering America's Adversaries Through Sanctions Act (P.L. 115-44), which also increases sanctions on Russia and North Korea.

As part of a shift to assertively counter Iran's regional activities and strategic weapons programs, the Trump Administration has threatened to cease implementing the JCPOA unless Congress and U.S. allies successfully address the agreement's weaknesses. Thus far, including on January 12, 2018, the Administration has continued to implement the agreement by exercising waivers of sanctions laws suspended in accordance with the JCPOA, while continuing to impose sanctions on missile- and IRGC-related entities and on Iranian human rights violators. However, the President said on January 12, 2018, that he would not renew any more waivers, the next one being due on May 12, unless his conditions for fixing the JCPOA are met. Because the President has also not certified Iranian compliance with the JCPOA under the Iran Nuclear Agreement Review Act (P.L. 114-17), Congress might act to reimpose Iran sanctions.

The reimposition of U.S. secondary sanctions would undoubtedly harm Iran's economy. Iran's economy shrank by 9% in the two years that ended in March 2014, before stabilizing since 2015 as a result of modest sanctions relief under an interim nuclear agreement. Sanctions caused Iran's crude oil exports to fall from about 2.5 million barrels per day (mbd) in 2011 to about 1.1 mbd by mid-2013, and made inaccessible more than \$120 billion in Iranian reserves held in banks abroad. Sanctions relief has enabled Iran's oil exports to return to nearly presanctions levels, allowed Iran to regain access to funds held abroad and reintegrate into the international financial system, and helped Iran achieve about 7% overall economic growth in 2016, with similar growth in 2017. Foreign energy firms have begun making new investments in Iran's energy sector and major aircraft manufacturers have sold Iran's commercial airlines new passenger aircraft. The relief from sanctions on Iran's most vital sectors helped Iran's President Hassan Rouhani politically, contributing to his victory in the May 19, 2017, presidential election, but did not satisfy significant economic grievances in Iran that sparked widespread unrest in December 2017-January 2018.

See also CRS Report R43333, *Iran Nuclear Agreement*, by (name redacted) and (name redacted) and CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by (name redacted).

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## Overview and Objectives

U.S. sanctions—and U.S. attempts to achieve imposition of multilateral and international sanctions on Iran—have been a significant component of U.S. Iran policy for several decades. In the 1980s and 1990s, U.S. sanctions were intended to try to compel Iran to cease supporting acts of terrorism and to limit Iran’s strategic power in the Middle East more generally. Since the mid-2000s, U.S. sanctions have focused on ensuring that Iran’s nuclear program is for purely civilian uses and, since 2010, the international community has cooperated with a U.S.-led and U.N.-authorized sanctions regime in pursuit of that goal. Still, sanctions against Iran have multiple objectives and address multiple perceived threats from Iran simultaneously.

This report analyzes U.S. and international sanctions against Iran and provides some examples, based on open sources, of companies and countries that conduct business with Iran. CRS has no way to independently corroborate any of the reporting on which these examples are based and no mandate to assess whether any firm or other entity is complying with U.S. or international sanctions against Iran. The sections below are grouped by function, in the chronological order in which these themes have emerged.<sup>1</sup>

## Blocked Iranian Property and Assets

### *Post-JCPOA Status: Iranian Assets Still Frozen, but Some Issues Resolved*

U.S. sanctions on Iran were first imposed during the U.S.-Iran hostage crisis of 1979-1981, in the form of executive orders issued by President Jimmy Carter blocking nearly all Iranian assets held in the United States. Many of these assets were unblocked by subsequent orders when the crisis was resolved in early 1981 in accordance with the “Algiers Accords.” Assets still frozen are analyzed below.

*U.S.-Iran Claims Tribunal.* The Accords established a “U.S.-Iran Claims Tribunal” at the Hague that continues to arbitrate cases resulting from the 1980 break in relations and freezing of some of Iran’s assets. All of the 4,700 private U.S. claims against Iran were resolved in the first 20 years of the Tribunal, resulting in \$2.5 billion in awards to U.S. nationals and firms.

The major government-to-government cases involved Iranian claims for compensation for hundreds of foreign military sales (FMS) cases that were halted in concert with the rift in U.S.-Iran relations when the Shah’s government fell in 1979. In 1991, the George H. W. Bush Administration paid \$278 million from the Treasury Department Judgment Fund to settle FMS cases involving weapons Iran had received but which were in the United States undergoing repair and impounded when the Shah fell.

On January 17, 2016, the day after Implementation Day of the JCPOA, the United States announced it had settled with Iran for FMS cases involving weaponry the Shah was paying for (fund deposited into a DOD-managed “Iran FMS Trust Fund”) but were not completed and delivered to Iran when the Shah fell. The Trust Fund had a net balance after 1990 of about \$400 million (\$600 million minus \$200 million paid to Iran to settle some FMS cases in 1990). Under

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<sup>1</sup> On November 13, 2012, the Administration published in the *Federal Register* (Volume 77, Number 219) “Policy Guidance” explaining how it implements many of the sanctions, and in particular defining what products and chemicals constitute “petroleum,” “petroleum products,” and “petrochemical products” that are used in the laws and executive orders discussed below. See <http://www.gpo.gov/fdsys/pkg/FR-2012-11-13/pdf/2012-27642.pdf>.

the settlement, the United States sent Iran the \$400 million balance in Trust Fund plus \$1.3 billion in accrued interest, the latter of which came from the Department of the Treasury's "Judgment Fund." In order not to violate U.S. regulations barring direct U.S. dollar transfers to Iranian banks, the funds were remitted to Iran in late January and early February 2016 in foreign hard currency from the central banks of the Netherlands and of Switzerland. Some remaining claims involving the FMS program with Iran remain under arbitration at the Tribunal.

*Other Frozen Assets.* Iranian assets are blocked under several provisions, including Executive Order 13599 of February 2010. About \$2.1 billion in blocked Iranian assets are bonds belonging to Iran's Central Bank, and have been frozen in a Citibank account in New York since 2008. Another approximately \$1.6 billion in Iranian assets are being blocked in Luxembourg in connection with U.S. assertions that Clearstream, a Luxembourg-based securities intermediary, had improperly allowed those funds to access the U.S. financial system. About \$50 million of Iran's frozen assets consists of Iranian diplomatic property and accounts, including proceeds from rents received on the former Iranian embassy in Washington, DC, and 10 other properties in several states, along with related bank accounts.<sup>2</sup> The United States did not commit to unblock any of these funds under the JCPOA.

Among other frozen assets are Iran-related real estate holdings that the U.S. Attorney for the Southern District of New York blocked in 2009. These were assets of the Assa Company, a UK-chartered entity, which allegedly was maintaining the interests of Bank Melli in a 36-story office building in New York City and several other properties around the United States (in Texas, California, Virginia, Maryland, and other parts of New York City). An Iranian foundation, the Alavi Foundation, allegedly is an investor in the building. The Department of the Treasury report avoids valuing real estate holdings, but public sources assess these assets at a value of nearly \$1 billion. In June 2017, litigation won the U.S. government control over the New York City office building, which will likely be sold and the proceeds distributed to victims of Iranian terrorism who have won judgments against Iran.<sup>3</sup>

There are a total of about \$46 billion in court awards that have been made to victims of Iranian terrorism. These include the families of the 241 U.S. soldiers killed in the October 23, 1983, bombing of the U.S. Marine barracks in Beirut. In recent years, U.S. funds equivalent to the balance in the DOD account have been used to pay a small portion of these judgments. The Algiers Accords apparently precluded compensation for the 52 U.S. diplomats held hostage by Iran from November 1979 until January 1981. A provision of the FY2016 Consolidated Appropriation (Section 404 of P.L. 114-113) set up a mechanism for paying damages to the U.S. embassy hostages and other victims of state-sponsored terrorism using settlement payments paid by various banks for concealing Iran-related transactions, and proceeds from other Iranian frozen assets. In April 2016, the U.S. Supreme Court determined the Central Bank assets discussed above could be used to pay the terrorism judgments. For further information, see CRS Report RL31258, *Suits Against Terrorist States by Victims of Terrorism*, by (name redacted) .

Other past financial disputes include the mistaken U.S. shoot-down on July 3, 1988, of an Iranian Airbus passenger jet (Iran Air flight 655), for which the United States paid Iran \$61.8 million in compensation (\$300,000 per wage-earning victim, \$150,000 per nonwage earner) for the 248 Iranians killed. The United States did not compensate Iran for the airplane itself, although officials involved in the negotiations told CRS in November 2012 that the United States later arranged to provide a substitute used aircraft to Iran.

<sup>2</sup> <http://www.treasury.gov/resource-center/sanctions/Documents/tar2010.pdf>.

<sup>3</sup> "U.S. Court Reverses Record Forfeiture Order over Iran Assets." Associated Press. July 21, 2016.



## Executive Order 13599 Impounding Iran-Owned Assets

### *Post-JCPOA Status: Still in Effect*

Executive Order 13599, issued February 5, 2012, directs the blocking of U.S.-based assets of entities determined to be “owned or controlled by the Iranian government.” The order was issued to implement Section 1245 of the FY2012 National Defense Authorization Act (P.L. 112-81) that imposed secondary U.S. sanctions on Iran’s Central Bank. The Order requires that any U.S.-based assets of the Central Bank of Iran, or of any Iranian government-controlled entity, be impounded by U.S. financial institutions. Even before the issuance of the Order, and in order to implement the ban on U.S. trade with Iran (see below) successive Administrations had designated many entities as “owned or controlled by the Government of Iran.” For example, on June 16, 2010, two insurance companies and 20 petrochemical entities were designated by the Treasury Department as entities owned or controlled by the government of Iran.

Since the 1995 U.S. trade ban, U.S. persons have been prohibited from any dealings with such entities and U.S. financial institutions were required to refuse such transactions or return funds to Iran. Executive Order 13599 requires U.S. persons not only to refrain from such transactions, but to impound any assets of designated Iranian entities.

Numerous designations have been made under Executive Order 13599, including the June 4, 2013, naming of 38 entities (mostly oil, petrochemical, and investment companies) that are components of an Iranian entity called the “Execution of Imam Khomeini’s Order” (EIKO).<sup>4</sup> EIKO was characterized by the Department of the Treasury as an Iranian leadership entity that controls “massive off-the-books investments, shielded from the view of the Iranian entities and international regulators.”

To implement the JCPOA, many 13599-designated entities specified in the JCPOA (Attachment 3) were “delisted” from U.S. secondary sanctions (no longer considered “specially Designated Nationals,” SDNs), but U.S. persons (or foreign entities owned or controlled by a U.S. person) continue to be prohibited from conducting transactions with these entities under the Iran Transactions Regulations (pursuant to the 1995 trade ban discussed below). One set of entities delisted for secondary sanctions in accordance with the JCPOA are the petrochemical and insurance entities and the EIKO-controlled companies discussed above.

For a full list of entities designated under E.O. 13599, go to the following link: <https://www.treasury.gov/ofac/downloads/13599/13599list.pdf>. Entities that have been delisted for secondary sanctions are presented in the tables at the end of the report.

## Sanctions for Iran’s Support for Terrorism and Destabilizing Regional Activities

Most of the hostage crisis-related sanctions were lifted upon resolution of the hostage crisis in 1981. The United States began imposing sanctions against Iran again in the mid-1980s as its support for regional groups committing acts of international terrorism increased. The Secretary of State designated Iran a “state sponsor of terrorism” on January 23, 1984, following the October

<sup>4</sup> <http://global.factiva.com/hp/printsavews.aspx?pp=Print&hc=Publication>; and Department of Treasury announcement of June 4, 2013.



1983 bombing of the U.S. Marine barracks in Lebanon perpetrated by elements that later became Hezbollah. This designation triggers substantial sanctions on any nation so designated.

*None of the laws or Executive Orders in this section were waived or revoked to implement the JCPOA. No Iran-related entities designated under the Executive Orders discussed in this section were, or are to later be, “delisted” to implement the JCPOA, as shown in the tables at the end of the report.*

## Sanctions Triggered by Terrorism List Designation

The U.S. naming of Iran as a “state sponsor of terrorism”—commonly referred to as Iran’s inclusion on the U.S. “terrorism list”—triggers several sanctions. The designation is made under the authority of Section 6(j) of the Export Administration Act of 1979 (P.L. 96-72, as amended), sanctioning countries determined to have provided repeated support for acts of international terrorism. The sanctions triggered by Iran’s state sponsor of terrorism designation are as follows:

- *Restrictions on sales of U.S. dual use items.* The restriction—a presumption of denial of any license applications to sell dual use items to Iran—is required by the Export Administration Act, as continued by executive orders issued under the authority of the International Emergency Economic Powers Act, IEEPA.
- *Ban on direct U.S. financial assistance and arms sales to Iran.* Section 620A of the Foreign Assistance Act, FAA (P.L. 87-95) and Section 40 of the Arms Export Control Act (P.L. 95-92, as amended), respectively, bar any U.S. foreign assistance to terrorism list countries. Included in the definition of foreign assistance are U.S. government loans, credits, credit insurance, and Ex-Im Bank loan guarantees. Successive foreign aid appropriations laws since the late 1980s have banned direct assistance to Iran, and with no waiver provisions.
- *Requirement that the United States vote to oppose multilateral lending.* U.S. officials are required to vote against multilateral lending to any terrorism list country by Section 1621 of the International Financial Institutions Act (P.L. 95-118, as amended [added by Section 327 of the Anti-Terrorism and Effective Death Penalty Act of 1996 (P.L. 104-132)]). Waiver authority is provided.
- *Withholding of U.S. foreign assistance to Countries that Assist or Sell Arms to Terrorism List Countries.* Under Sections 620G and 620H of the Foreign Assistance Act, as added by the Anti-Terrorism and Effective Death Penalty Act (Sections 325 and 326 of P.L. 104-132), the President is required to withhold foreign aid from any country that aids or sells arms to a terrorism list country. Waiver authority is provided. Section 321 of that act makes it a crime for a U.S. person to conduct financial transactions with terrorism list governments.
- *Withholding of U.S. Aid to Organizations That Assist Iran.* Section 307 of the FAA (added in 1985) names Iran as unable to benefit from U.S. contributions to international organizations, and require proportionate cuts if these institutions work in Iran. For example, if an international organization spends 3% of its budget for programs in Iran, then the United States is required to withhold 3% of its contribution to that international organization. No waiver is provided for.

## Exception for U.S. Humanitarian Aid

The terrorism list designation, and other U.S. sanctions laws, does not bar disaster aid. The United States donated \$125,000, through relief agencies, to help victims of two earthquakes in

Iran (February and May 1997); \$350,000 worth of aid to the victims of a June 22, 2002, earthquake; and \$5.7 million in assistance (out of total governmental pledges of about \$32 million) for the victims of the December 2003 earthquake in Bam, Iran, which killed as many as 40,000 people. The U.S. military flew in 68,000 kilograms of supplies to Bam.

### Requirements for Removal from Terrorism List

Terminating the sanctions triggered by Iran's terrorism list designation would require Iran's removal from the terrorism list. The Arms Export Control Act spells out two different requirements for a President to remove a country from the list, depending on whether the country's regime has changed.

*If the regime has changed*, the President can remove a country from the list immediately by certifying that change in a report to Congress. *If the regime has not changed*, the President must report to Congress 45 days in advance of the effective date of removal. The President must certify that (1) the country has not supported international terrorism within the preceding six months, and (2) the country has provided assurances it will not do so in the future. In this latter circumstance, Congress has the opportunity to block the removal by enacting a joint resolution to that effect. The President has the option of vetoing the joint resolution, in which case blocking the removal would require a congressional veto override vote.

## Sanctions on States Designated as “Not Cooperating” Against Terrorism

Section 330 of the Anti-Terrorism and Effective Death Penalty Act (P.L. 104-132) added a Section 40A to the Arms Export Control Act that prohibits the sale or licensing of U.S. defense articles and services to any country designated (by each May 15) as “not cooperating fully with U.S. anti-terrorism efforts.” The provision contains a waiver if the President determines that a certain defense sale to a designated country is “important to the national interests” of the United States.

Every May since the enactment of this law, Iran has been designated as a country that is “not fully cooperating” with U.S. antiterrorism efforts. However, the effect of the designation is largely mooted by the many other authorities that prohibit U.S. defense sales to Iran.

## Executive Order 13224 Sanctioning Terrorism-Supporting Entities

Executive Order 13324 (September 23, 2001) mandates the freezing of the U.S.-based assets of and a ban on U.S. transactions with entities determined by the Administration to be supporting international terrorism. This order was issued two weeks after the September 11, 2001, attacks on the United States, under the authority of the IEEPA, the National Emergencies Act, the U.N. Participation Act of 1945, and Section 301 of the *U.S. Code*, and initially targeted Al Qaeda-related entities.

*Use of the Order to Target Iranian Arms Exports.* E.O. 13224 is not specific to Iran and does not explicitly target Iranian arms exports to movements, governments, or groups in the Middle East region. However, successive Administrations have used the Order—and the orders discussed immediately below—to sanction such Iranian activity by designating persons or entities that are involved in the delivery or receipt of such weapons shipments. Some persons and entities that have been sanctioned for such activity are not necessarily involved in deliveries to groups named as terrorist organizations, but instead have included persons or entities involved in deliveries to groups such as the Afghan Taliban organization and the Houthi rebels in Yemen—neither of which is named as a terrorist group by the United States.

*Application to the Revolutionary Guard by the Countering Iran's Destabilizing Activities Act of 2017* (H.R. 3364/P.L. 115-44). The act, signed on August 2, 2017, mandates the imposition of

E.O. 13324 penalties on the Islamic Revolutionary Guard Corps (IRGC) and its officials, agents, and affiliates. The Treasury Department subsequently made the designation of the IRGC as a terrorism supporting entity under that E.O.

*Implementation:* No entities designated under E.O. 13224 were or are later to be “delisted” to implement the JCPOA. Additional Iran-related entities have been designated under the Order since JCPOA implementation, as shown in the table at the end of this report.

## Executive Orders Sanctioning Iran’s Involvement in Iraq and Syria

Some sanctions have been imposed to try to curtail Iran’s destabilizing influence in the region.

- *Executive Order 13438.* Issued on July 7, 2007, the order sanctions persons who are determined by the Administration to be posing a threat to Iraqi stability, presumably by providing arms or funds to Shiite militias there. Persons sanctioned under the order include IRGC-Qods Force officers, Iraqi Shiite militia-linked figures, and other entities. The order remains in effect even though many of the entities sanctioned have been working, as of 2014, to defeat the Islamic State organization in Iraq.
- *Executive Order 13572.* Issued on April 29, 2011, the order sanctions those individuals determined to be responsible for human rights abuses and repression of the Syrian people. The IRGC-Qods Force (IRGC-QF), IRGC-QF commander Qasem Soleimani, and others are sanctioned under this order.

## Ban on U.S. Trade and Investment with Iran

### *Post-JCPOA Status: Trade Ban Retained, Selected Transactions Permitted*

In 1995, the Clinton Administration significantly expanded U.S. sanctions with Executive Order 12959 (May 6, 1995), banning U.S. trade with and investment in Iran. The order was issued under the authority primarily of the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1701 et seq.),<sup>5</sup> which gives the President wide powers to regulate commerce with a foreign country when a “state of emergency” is declared in relations with that country. Executive Order 12959 superseded an earlier Executive Order (12957 of March 15, 1995) barring U.S. investment in Iran’s energy sector, which accompanied President Clinton’s declaration of a “state of emergency” with respect to Iran. A subsequent executive order, 13059 (August 19, 1997), added a prohibition on U.S. companies’ knowingly exporting goods to a third country for incorporation into products destined for Iran. Each March since 1995, the U.S. Administration has renewed the Iran state of emergency declaration. IEEPA gives the President the authority to make modifications to the trade ban by altering regulations to license transactions with Iran. The trade regulations are stipulated in Section 560 of the Code of Federal Regulations (Iranian Transactions Regulations, ITRs).

Section 103 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195) codified the trade ban and reinstated the full ban on imports that was relaxed by April 2000 regulations that allowed importation into the United States of Iranian nuts,

<sup>5</sup> The executive order was issued not only under the authority of IEEPA but also the National Emergencies Act (50 U.S.C. 1601 et seq.; §505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9) and §301 of Title 3, *United States Code*.

fruit products (such as pomegranate juice), carpets, and caviar. U.S. imports from Iran after that time were negligible.<sup>6</sup> CISADA also exempted from the trade ban (1) information technology to support personal communications among the Iranian people; (2) goods to allow civilian aircraft to fly safely; and (3) goods for supporting democracy in Iran. Section 101 of the Iran Freedom Support Act (P.L. 109-293) separately codified the ban on U.S. investment in Iran, but gives the President the authority to terminate this sanction if he notifies Congress 15 days in advance (or 3 days in advance if there are “exigent circumstances”).

*Post-JCPOA Status:* In accordance with the JCPOA, the United States (using the President’s licensing authority under IEEPA) relaxed the import ban to resume allowing U.S. importation of the Iranian luxury goods discussed above (carpets, caviar, nuts, etc.), but not to permit general trade in goods. U.S. regulations have also been altered to permit the sale of commercial aircraft to Iranian airlines that are not designated for sanctions. The modifications were made in the Departments of State and of the Treasury guidance issued on Implementation Day and since.<sup>7</sup>

## What U.S.-Iran Trade Is Allowed or Prohibited?

The following provisions apply to the U.S. trade ban on Iran as specified in regulations (Iran Transaction Regulations, ITRs) written pursuant to the executive orders and laws discussed above. The regulations are administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury.

- *Oil Transactions.* A comprehensive ban on U.S. transactions with Iran in energy products remains in effect. The 1995 trade ban expanded a 1987 ban on imports from Iran that was imposed by Executive Order 12613 of October 29, 1987. The 1987 ban, authorized by Section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9), barred the importation of Iranian oil into the United States but did not ban the trading of Iranian oil overseas. The 1995 ban prohibited that activity explicitly, but provides for U.S. companies to apply for licenses to conduct “swaps” of Caspian Sea oil with Iran. These swaps have been prohibited in practice; a Mobil Corporation application to do so was denied in April 1999, and no applications have been submitted since.
- The ITRs *do not ban the importation, from foreign refiners, of gasoline or other energy products in which Iranian oil is mixed with oil from other producers.* The product of a refinery in any country is considered to be a product of the country where that refinery is located, even if some Iran-origin crude oil is present.
- *Transshipment and Brokering.* The ITRs prohibit U.S. transshipment of prohibited goods across Iran and ban any activities by U.S. persons to broker commercial transactions involving Iran.
- *Iranian Luxury Goods.* As noted, pursuant to the JCPOA, Iranian luxury goods, such as carpets and caviar, can be imported into the United States.
- *Shipping Insurance.* Obtaining shipping insurance is crucial to Iran’s expansion of its oil and other exports. A pool of 13 major insurance organizations, called the

<sup>6</sup> Imports were mainly of artwork for exhibitions around the United States, which are counted as imports even though the works return to Iran after the exhibitions conclude.

<sup>7</sup> The text of the guidance is at [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement\\_guide\\_jcpoa.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement_guide_jcpoa.pdf).

- International Group of P & I Clubs, dominates the shipping insurance industry and is based in New York. The U.S. presence of this pool renders it subject to the U.S. trade ban, which complicated Iran's ability to obtain reinsurance for Iran's shipping after Implementation Day. On January 16, 2017, the Obama Administration issued waivers of Sections 212 and 213 of the ITRSHRA to allow numerous such insurers to give Iranian ships insurance.<sup>8</sup>
- *Civilian Airline Sales.* The ITRs have always permitted the licensing of goods related to the safe operation of civilian aircraft for sale to Iran (§560.528 of Title 31, C.F.R.), and spare parts sales were licensed periodically. However, from June 2011 until Implementation Day, Iran's largest state-owned airline, Iran Air, was sanctioned under Executive Order 13382 (see below), rendering licensing of parts or repairs for that airline impermissible. Several other Iranian airlines remain sanctioned under that and Executive Order 13224. In accordance with the JCPOA, the United States has relaxed restrictions on sales of parts for commercial aircraft and licensing of sales of whole commercial aircraft, including to Iran Air (which was "delisted" in accordance with the JCPOA).<sup>9</sup> A March 2016 general license allows for U.S. aircraft and parts suppliers to negotiate sales with Iranian airlines that are not sanctioned, and Boeing and Airbus have concluded major sales to Iran Air.
  - *Personal Communications, Remittances, and Publishing.* The ITRs permit personal communications (phone calls, emails) between the United States and Iran as well as personal remittances. In December 2004, the ITRs were modified to allow Americans to engage in publishing activities with entities in Iran (and Cuba and Sudan). In May 2013, OFAC issued a general license (no specific license application requirement) for the exportation to Iran of goods (such as cell phones) and services, on a fee basis, that enhance the ability of the Iranian people to access communication technology.
  - *Food and Medical Exports.* Since April 1999, sales to Iran by U.S. firms of food and medical products have been permitted, subject to OFAC stipulations. In October 2012, OFAC attempted to facilitate medical sales by issuing a list of medical products, such as scalpels, prosthetics, canes, burn dressings, and other products that could be sold to Iran under "general license" (no specific license application required). The list was expanded in July and November 2013, and in December 2016,<sup>10</sup> to include more sophisticated medical diagnostic machines and other medical equipment. Licenses for exports of medical products not on the "general license" list are routinely expedited for sale to Iran, according to OFAC. Regulations have a specific definition of "food" that can be licensed for sale to

<sup>8</sup> Shipping insurers granted the waiver include Assuranceforeningen Skuld, Skuld Mutual Protection and Indemnity Association, Ltd. (Bermuda), Gard P and I Ltd. (Bermuda), Assuranceforeningen Gard, the Britannia Steam Ship Insurance Association Limited, The North of England Protecting and Indemnity Association Ltd., the Shipowners' Mutual Protection and Indemnity Association (Luxembourg), the Standard Club Ltd., the Standard Club Europe Ltd., The Standard Club Asia, the Steamship Mutual Underwriting Association Ltd. (Bermuda), the Swedish Club, United Kingdom Mutual Steam Ship Assurance Association Ltd. (Bermuda), United Kingdom Mutual Steam Ship Association Ltd. (Europe), and the West of England Ship Owners Mutual Insurance Association (Luxembourg).

<sup>9</sup> *Reuters*, February 21, 2014; "Exclusive: Boeing Says Gets U.S. License to Sell Spare Parts to Iran," *Reuters*, April 4, 2014.

<sup>10</sup> <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20161222.aspx?platform=hootsuite>.



Iran, and that definition excludes alcohol, cigarettes, gum, or fertilizer.<sup>11</sup> The definition addresses information, in a 2010 article,<sup>12</sup> that OFAC had approved exports to Iran of condiments such as food additives and body-building supplements that have uses other than purely nutritive. U.S. policy has long been to inform foreign banks that financing approved transactions is not subject to sanctions.

- *Humanitarian and Related Services.* Private nonfinancial donations by U.S. residents to Iranian victims of natural disasters (such as mailed packages of food, toys, clothes, etc.) have not been prohibited, but donations to relief organizations require a specific OFAC license. On September 10, 2013, the Department of the Treasury eliminated licensing requirements for the provision to Iran of services for health projects, disaster relief, wildlife conservation, human rights projects, and activities related to sports matches and events. The amended regulations also allowed importation from Iran of services related to sporting activities, including sponsorship of players, coaching, referees, and training. In some cases, such as the earthquake in Bam in 2003 and the earthquake in northwestern Iran in August 2012, OFAC has issued blanket temporary general licensing for relief organizations to work in Iran, provided they do not spend more than \$300,000.
- *Payment Methods, Trade Financing, and Financing Guarantees.* U.S. importers are allowed to pay Iranian exporters, including with funds denominated in dollars, but funds cannot go directly to Iranian banks and must pass through third-country (such as European) banks. As far as financing of approved U.S. sales to Iran, private letters of credit (from non-Iranian banks) can be used to finance approved transactions. This interpretation falls under the ITRs' provisions that transactions that are *incidental* to an approved transaction are allowed. Title IX of the Trade Sanctions Reform and Export Enhancement Act of 2000 (P.L. 106-387) bans the use of official credit guarantees (such as the Ex-Im Bank) for food and medical sales to Iran and other countries on the U.S. terrorism list, except Cuba, although allowing for a presidential waiver to permit such credit guarantees. The Ex-Im Bank is prohibited from guaranteeing any loans to Iran because of Iran's continued inclusion on the terrorism list., and the JCPOA does not commit the United States to make credit guarantees available for Iran.

## Application to Foreign Subsidiaries of U.S. Firms

The ITRs do not ban subsidiaries of U.S. firms from dealing with Iran, as long as the subsidiary is not "controlled" by the parent company. For legal and policy purposes, most foreign subsidiaries are considered foreign persons subject to the laws of the country in which the subsidiaries are incorporated. Section 218 of the Iran Threat Reduction and Syrian Human Rights Act (ITRSHRA, P.L. 112-158) holds "controlled" foreign subsidiaries of U.S. companies to the same standards as U.S. parent firms, defining a controlled subsidiary as (1) one that is more than 50% owned by the U.S. parent; (2) one in which the parent firm holds a majority on the Board of Directors of the subsidiary; or (3) one in which the parent firm directs the operations of the subsidiary. No waiver is specifically provided under Section 218.

<sup>11</sup> [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/gl\\_food\\_exports.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/gl_food_exports.pdf).

<sup>12</sup> The information in this bullet is taken from Jo Becker, "With U.S. Leave, Companies Skirt Iran Sanctions," *New York Times*, December 24, 2010.

Under the JCPOA, the United States has licensed “controlled” foreign subsidiaries to conduct transactions with Iran that are permissible under JCPOA (almost all forms of civilian trade). The Administration asserts that the President has authority under IEEPA to license transactions with Iran, the ITRSHRA notwithstanding. This was implemented with the Treasury Department’s issuance of “General License H: Authorizing Certain Transactions Relating to Foreign Entities Owned or Controlled by a United States Person.”<sup>13</sup>

### Trade Ban Easing and Termination

**Termination:** Section 401 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195) provides for the President to terminate the trade ban if the Administration certifies to Congress that Iran no longer satisfies the requirements to be designated as a state sponsor of terrorism and that Iran has ceased pursuing and has dismantled its nuclear, biological, and chemical weapons and ballistic missiles and related launch technology. Alternatively, the trade ban provision in CISADA could be repealed by congressional action.

**Waiver Authority:** Section 103(b)(vi) of CISADA allows the President to license exports to Iran if he determines that doing so is in the national interest of the United States. There is no similar provision in CISADA to ease the ban on U.S. imports from Iran. The State and Treasury Department guidance issued on Implementation Day asserts that the statement of licensing policy fulfills the requirements of Section 103 of CISADA.

## Sanctions on Iran’s Energy Sector

In 1996, Congress and the executive branch began a long process of pressuring Iran’s vital energy sector in order to deny Iran the financial resources to support terrorist organizations and other armed factions or to further its nuclear and WMD programs. Iran’s oil sector is as old as the petroleum industry itself (early 20<sup>th</sup> century), and Iran’s onshore oil fields are in need of substantial investment. Iran has 136.3 billion barrels of proven oil reserves, the third largest after Saudi Arabia and Canada. Iran’s large natural gas resources (940 trillion cubic feet, exceeded only by Russia) were virtually undeveloped prior to the late 1990s. Iran’s gas export sector remains small—most of its gas is injected into its oil fields to boost their production—but it was expanding prior to 2013. In 2005, the energy sector generated about 20% of Iran’s GDP, about 80% of its foreign exchange earnings, and about 50% of its government revenue, but these percentages have declined substantially since as Iran has diversified its economy in response to sanctions. **Virtually all the sanctions discussed in this section have been waived to implement the JCPOA, unless specifically noted.**

### The Iran Sanctions Act (Including Triggers and Applications Added by CISADA, ITRSHRA, IFCA, and Other Laws)

#### *Post-JCPOA Status: Virtually all provisions waived*

The Iran Sanctions Act (ISA) has been a pivotal component of U.S. sanctions against Iran’s energy sector, and its provisions have, since enactment in 1996, been expanded to other Iranian industries. ISA sought to thwart Iran’s 1995 opening of the sector to foreign investment in late 1995 through a “buy-back” program in which foreign firms gradually recoup their investments as oil and gas is produced. In September 1995, then-Senator Alfonse D’Amato introduced a bill to sanction foreign firms’ exports to Iran of energy technology. A revised version instead sanctioning *investment* in Iran’s energy sector, and also applying all provisions to Libya, passed the Senate.

<sup>13</sup> [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement\\_guide\\_jcpoa.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement_guide_jcpoa.pdf).



The Iran and Libya Sanctions Act (ILSA) was signed on August 5, 1996 (P.L. 104-172). It was later retitled the Iran Sanctions Act after it terminated with respect to Libya in 2006. ISA was the first major “extra-territorial sanction” on Iran—a sanction that authorizes U.S. penalties against third country firms. ISA’s authorities were expanded significantly over the subsequent years.

### **Key Sanctions “Triggers” Under ISA**

ISA consists of a number of “triggers”—transactions with Iran that would be considered violations of ISA and could cause a firm or entity to be sanctioned under ISA’s provisions. The triggers, as added by amendments over time, are detailed below:

#### ***Trigger 1 (Original Trigger): “Investment” To Develop Iran’s Oil and Gas Fields***

The core trigger of ISA when first enacted was a requirement that the President sanction companies (entities, persons) that make an “investment”<sup>14</sup> of more than \$20 million<sup>15</sup> in one year in Iran’s energy sector.<sup>16</sup> The definition of “investment” in ISA (§14 [9]) includes not only equity and royalty arrangements but any contract that includes “responsibility for the development of petroleum resources” of Iran. The definition includes additions to existing investment (added by P.L. 107-24) and pipelines to or through Iran and contracts to lead the construction, upgrading, or expansions of energy projects (added by CISADA).

*Implementation:* Several firms were sanctioned under ISA for investing in Iran’s oil and gas fields, as discussed below.

#### ***Trigger 2: Sales of WMD and Related Technologies, Advanced Conventional Weaponry, and Participation in Uranium Mining Ventures***

*This provision of ISA was not waived under the JCPOA and remains active.*

The Iran Freedom Support Act (P.L. 109-293, signed September 30, 2006) added *Section 5(b)(1)* of ISA, subjecting to ISA sanctions firms or persons determined to have sold to Iran (1) “chemical, biological, or nuclear weapons or related technologies” or (2) “destabilizing numbers and types” of advanced conventional weapons. Sanctions can be applied if the exporter knew (or had cause to know) that the end-user of the item was Iran. The definitions do not specifically include ballistic or cruise missiles, but those weapons could be considered “related technologies” or, potentially, a “destabilizing number and type” of advanced conventional weapon.

The Iran Threat Reduction and Syria Human Rights Act (ITRSHRA, P.L. 112-158, signed August 10, 2012) created *Section 5(b)(2)* of ISA subjecting to sanctions entities determined by the

<sup>14</sup> As amended by CISADA (P.L. 111-195), these definitions include pipelines to or through Iran, as well as contracts to lead the construction, upgrading, or expansions of energy projects. CISADA also changes the definition of investment to eliminate the exemption from sanctions for sales of energy-related equipment to Iran, if such sales are structured as investments or ongoing profit-earning ventures.

<sup>15</sup> Under §4(d) of the original act, for Iran, the threshold dropped to \$20 million, from \$40 million, one year after enactment, when U.S. allies did not join a multilateral sanctions regime against Iran. P.L. 111-195 explicitly sets the threshold investment level at \$20 million. For Libya, the threshold was \$40 million, and transactions subject to sanctions included export to Libya of technology banned by Pan Am 103-related Security Council Resolutions 748 (March 31, 1992) and 883 (November 11, 1993).

<sup>16</sup> The original ISA definition of energy sector included oil and natural gas, and CISADA added to that definition liquefied natural gas (LNG), oil or LNG tankers, and products to make or transport pipelines that transport oil or LNG.

Administration to participate in a joint venture with Iran relating to the mining, production, or transportation of uranium.

*Implementation:* No ISA sanctions have been imposed on any entities under these provisions.

### ***Trigger 3: Sales of Gasoline***

Section 102(a) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195, signed July 1, 2010) amended Section 5 of ISA to exploit Iran's dependency on imported gasoline (40% dependency at that time). It followed legislation such as H.R. 2880 (110<sup>th</sup> Congress, not enacted); P.L. 111-85 that prohibited the use of U.S. funds to fill the Strategic Petroleum Reserve with products from firms that sell gasoline to Iran; and P.L. 111-117 that denies Ex-Im Bank credits to any firm that sold gasoline or related equipment and services to Iran. Those initiatives prompted Reliance Industries Ltd. of India to cease new sales of gasoline to Iran as of December 2008.<sup>17</sup> The section subjected the following to sanctions:

- Sales to Iran of over \$1 million worth (or \$5 million in a one year period) of gasoline and related aviation and other fuels. (Fuel oil, a petroleum by-product, is not included in the definition of refined petroleum.)
- Sales to Iran of equipment or services (same dollar threshold as above) which would help Iran make or import gasoline. Examples include equipment and services for Iran's oil refineries or port operations.

*Implementation:* Several firms were sanctioned under ISA for selling or shipping gasoline to Iran, as shown in the tables at the end of this report.

### ***Trigger 4: Provision of Equipment or Services for Oil, Gas, and Petrochemicals Production***

Section 201 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHA, P.L. 112-158, signed August 10, 2012) codified an Executive Order, 13590 (November 21, 2011), by adding Section 5(a)(5 and 6) to ISA sanctioning firms that

- provide to Iran \$1 million or more (or \$5 million in a one year period) worth of goods or services that Iran could use to maintain or enhance its oil and gas sector. This subjects to sanctions, for example, transactions with Iran by global oil services firms and the sale to Iran of energy industry equipment such as drills, pumps, vacuums, oil rigs, and like equipment.
- provide to Iran \$250,000 (or \$1 million in a one year period) worth of goods or services that Iran could use to maintain or expand its production of petrochemical products.<sup>18</sup> *This provision was not altered by the JPA.*

*Implementation:* Some firms were sanctioned under this provision, as shown in the tables.

### ***Trigger 5: Transporting Iranian Crude Oil***

Section 201 of the ITRSHA amends ISA by sanctioning entities the Administration determines

<sup>17</sup> The Ex-Im Bank, in August 2008, had extended \$900 million in financing guarantees to Reliance.

<sup>18</sup> A definition of chemicals and products considered "petrochemical products" is found in a Policy Guidance statement. See *Federal Register*, November 13, 2012, <http://www.gpo.gov/fdsys/pkg/FR-2012-11-13/pdf/2012-27642.pdf>.

- owned a vessel that was used to transport Iranian crude oil. This sanction does not apply in cases of transporting oil to countries that have received exemptions under P.L. 112-81 (discussed below). The section also *authorizes but does not require* the President, subject to regulations, to prohibit a ship from putting to port in the United States for two years, if it is owned by a person sanctioned under this provision. (*Adds Section 5[a][7] to ISA.*)
- participated in a joint oil and gas development venture with Iran, outside Iran, if that venture was established after January 1, 2002. The effective date exempts energy ventures in the Caspian Sea, such as the Shah Deniz oil field there. (*Adds Section 5[a][4] to ISA.*)

*Implementation.* Some firms have been sanctioned for providing ships to transport Iranian oil, as shown in the tables.

### ***Iran Threat Reduction and Syria Human Rights Act (ITRSHRA): Application of ISA Sanctions to Insurance for Iranian Oil Entities and Purchases of Iranian Bonds***

***Post-JCPOA Status: Several sections waived, except those related to the IRGC.***

Separate provisions of the ITRSHR Act—which do not amend ISA—require the application of ISA sanctions (the same 5 out of 12 sanctions as required in ISA itself) on any entity that

- provides insurance or reinsurance for the National Iranian Oil Company (NIOC) or the National Iranian Tanker Company (NITC) (Section 212).
- purchases or facilitates the issuance of sovereign debt of the government of Iran, including Iranian government bonds (Section 213).
- assists or engages in a significant transaction with the IRGC or any of its sanctioned entities or affiliates. (Section 302). *This section of ITRSHRA is not waived to implement the JCPOA.*

*Implementation.* Section 312 of ITRSHRA required an Administration determination, within 45 days of enactment (by September 24, 2012) whether NIOC and NITC are IRGC agents or affiliates. Such a determination would subject financial transactions with NIOC and NITC to sanctions under CISADA (prohibition on opening U.S.-based accounts). On September 24, 2012, the Department of the Treasury determined that NIOC and NITC are affiliates of the IRGC. On November 8, 2012, the Department of the Treasury named NIOC as a proliferation entity under Executive Order 13382—a designation that, in accordance with Section 104 of CISADA, bars any foreign bank determined to have dealt directly with NIOC (including with a NIOC bank account in a foreign country) from opening or maintaining a U.S.-based account.

Sanctions on dealings with NIOC and NITC were waived in accordance with the JPA (interim nuclear deal) and designations of these entities under Executive Order 13382 were rescinded in accordance with the JCPOA.

Some major components of NIOC were not sanctioned at any time, including the Iranian Offshore Oil Company; the National Iranian Gas Export Co.; and Petroleum Engineering and Development Co. There are also independent Iranian energy firms, such as Pasargad Oil Co, Zagros Petrochem Co, Sazeh Consultants, Qeshm Energy, and Sadid Industrial Group. Their relations with NIOC or the Islamic Revolutionary Guard Corps (IRGC, see below) are unclear.

***Iran Freedom and Counter-Proliferation Act (IFCA): Application of ISA Sanctions to Iran’s Energy, Shipbuilding, and Shipping Sectors and other Specified Transactions***

***Post-JCPOA Status: Sections listed below waived***

The National Defense Authorization Act for FY2013 (H.R. 4310, P.L. 112-239, signed January 2, 2013)—Subtitle D, The Iran Freedom and Counter-Proliferation Act (IFCA)—imposed at least 5 out of the 12 ISA sanctions (effective date: July 1, 2013) on entities determined to have engaged in the transactions below. (*The IFCA provisions do not amend ISA itself.*) Sanctions are authorized for the following:

- *Energy, Shipbuilding, and Shipping Sector* (Section 1244). Entities that provide goods or services to Iran’s energy, shipbuilding, and shipping sectors, or to port operations there—or which provide insurance for such transactions. The section also blocks U.S.-based property of designated violators, and bars U.S.-based banking activity to entities that conduct or facilitate financial transactions for the sale or supply of goods or services to the energy, shipbuilding, and shipping sectors of Iran. *The sanctions do not apply when such transactions involved purchases of Iranian oil by countries that have exemptions under P.L. 112-81, or to the purchase of natural gas from Iran.*
- *Dealings in Precious Metals* (Section 1245). Entities that provide precious metals to Iran (including gold) or semifinished metals or software for integrating industrial processes. The section affected foreign firms that transferred these items to or other precious metals to Iran in exchange for oil or any other product. There is no exception to this sanction for countries exempted under P.L. 112-81. *The provision does not amend ISA.*
- *Insurance for Related Activities* (Section 1246). Entities that provide underwriting services, insurance, or reinsurance for a broad range of transactions with Iran, including those related to shipping oil, gasoline, or other goods for the energy, shipping, or shipbuilding sectors in Iran. (*There is no exception to this sanction for countries exempted under P.L. 112-81.*)
- *Entities that Facilitate Financial Transactions for Sanctioned Entities.* (Section 1247) This section bars from the U.S. banking system financial institutions that knowingly facilitate a financial transaction on behalf of a sanctioned Iranian entity (Specially Designated National, SDN).

*Implementation:* On August 29, 2014, the State Department sanctioned UAE-based Goldentex FZE in accordance with IFCA for providing support to Iran’s shipping sector. It was “delisted” from sanctions on Implementation Day of the JCPOA.

***Executive Order 13622: Sanctions on the Purchase of Iranian Crude Oil and Petrochemical Products, and Dealings in Iranian Bank Notes***

***Post-JCPOA Status: Revoked (by E.O. 13716)***

Executive Order 13622 (July 30, 2012) imposes specified sanctions on the ISA sanctions menu, and bars banks from the U.S. financial system, for the following activities (*E.O. 13622 did not amend ISA itself*):

- the purchase of oil, other petroleum, or petrochemical products from Iran.<sup>19</sup> *The part of this order pertaining to petrochemical purchases was suspended under the JPA.*
- transactions with the National Iranian Oil Company (NIOC) or Naftiran Intertrade Company (NICO).
- E.O. 13622 also blocks U.S.-based property of entities determined to have assisted or provided goods or services to NIOC, NICO, the Central Bank of Iran, or for the purchase of U.S. bank notes or precious metals by the government of Iran. (Assisting Iran in the purchase of precious stones or jewels was added to this Order by E.O. 16345 below.)

E.O. 13622 sanctions do not apply if the parent country of the entity has received an exemption under Section 1245 of P.L. 112-81—an exemption earned for “significantly reducing” oil purchases from Iran. (See below for more information on the exemption process.) An exemption also is provided for projects that bring gas from Azerbaijan to Europe and Turkey, if such project was initiated prior to the issuance of the Order.

*Implementation:* The firms sanctioned under this Order are in the tables at the end of this report.

### ***Executive Order 13645: Application of ISA and Other Sanctions to Iran’s Automotive Sector, Rial Trading, and Helping Iran Acquire Precious Stones***

#### ***Post-JCPOA Status: Revoked (by E.O 13716)***

Executive Order 13645 of June 3, 2013 (effective July 1, 2013), contains the provisions below. (*E.O. 13645 did not amend ISA itself.*)

- Imposes specified ISA-related sanctions on firms that supply goods or services to Iran’s automotive (cars, trucks, buses, motorcycles, and related parts) sector, and blocks foreign banks from the U.S. market if they finance transactions with Iran’s automotive sector. (An executive order cannot amend a law, so the order does not amend ISA.) *This provision was suspended to implement the JPA.*
- Blocks U.S.-based property and prohibits U.S. bank accounts for foreign banks that conduct transactions in Iran’s currency, the *rial*, or hold *rial* accounts. This provision mostly affected banks in countries bordering or near Iran.
- Expands the application of Executive Order 13622 (above) to helping Iran acquire precious stones or jewels.
- Blocks U.S.-based property of a person that conducts transactions with an Iranian entity listed as a Specially Designated National (SDN) or Blocked Person.

### **Mandate and Time Frame to Investigate ISA Violations**

In the original version of ISA, there was no firm requirement, and no time limit, for the Administration to investigate potential violations and determine that a firm has violated ISA’s provisions. The Iran Freedom Support Act (P.L. 109-293, signed September 30, 2006) added a provision calling for, *but not requiring*, a 180-day time limit for a violation determination.<sup>20</sup>

<sup>19</sup> A definition of what chemicals and products are considered “petroleum products” for the purposes of the order are in the policy guidance issued November 13, 2012, <http://www.gpo.gov/fdsys/pkg/FR-2012-11-13/pdf/2012-27642.pdf>.

<sup>20</sup> Other ISA amendments under that law included recommending against U.S. nuclear agreements with countries that (continued...)

CISADA (Section 102[g][5]) mandated that the Administration begin an investigation of potential ISA violations when there is “credible information” about a potential violation, and made mandatory the 180-day time limit for a determination of violation.

The Iran Threat Reduction and Syria Human Rights Act (P.L. 112-158), defines the “credible information” needed to begin an investigation of a violation to include a corporate announcement or corporate filing to its shareholders that it has undertaken transactions with Iran that are potentially sanctionable under ISA. It also says the President *may* (not mandatory) use as credible information reports from the Government Accountability Office and the Congressional Research Service. In addition, Section 219 of ITRSHRA requires that an investigation of an ISA violation begin if a company reports in its filings to the Securities and Exchange Commission (SEC) that it has knowingly engaged in activities that would violate ISA (or Section 104 of CISADA or transactions with entities designated under E.O 13224 or 13382, see below).

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(...continued)

supply nuclear technology to Iran and expanding provisions of the USA Patriot Act (P.L. 107-56) to curb money-laundering for use to further WMD programs.



### Available Sanctions Under ISA

Once a firm is determined to be a violator, the original version of ISA required the imposition of two of a menu of six sanctions on that firm. The Iran Freedom Support Act added three new possible sanctions and required the imposition of at least three out of the nine against violators. CISADA added three more sanctions to the ISA menu and required imposition of at least 5 out of the 12 sanctions. Executive Orders 13590 and 13622 provide for exactly the same penalties as those in ISA. The 12 available sanctions against the sanctioned entity, from which the Secretary of State or the Treasury can select, are as follows:

1. denial of Export-Import Bank loans, credits, or credit guarantees for U.S. exports to the sanctioned entity (original ISA)
2. denial of licenses for the U.S. export of military or militarily useful technology to the entity (original ISA)
3. denial of U.S. bank loans exceeding \$10 million in one year to the entity (original ISA)
4. if the entity is a financial institution, a prohibition on its service as a primary dealer in U.S. government bonds; and/or a prohibition on its serving as a repository for U.S. government funds (each counts as one sanction) (original ISA)
5. prohibition on U.S. government procurement from the entity (original ISA)
6. prohibitions in transactions in foreign exchange by the entity (added by CISADA)
7. prohibition on any credit or payments between the entity and any U.S. financial institution (added by CISADA)
8. prohibition of the sanctioned entity from acquiring, holding, using, or trading any U.S.-based property which the sanctioned entity has a (financial) interest in (added by CISADA)
9. restriction on imports from the sanctioned entity, in accordance with the International Emergency Economic Powers Act (IEEPA; 50 U.S.C. 1701) (original ISA)
10. a ban on a U.S. person from investing in or purchasing significant amounts of equity or debt instruments of a sanctioned person (added by ITRSHRA)
11. exclusion from the United States of corporate officers or controlling shareholders of a sanctioned firm (added by ITRSHRA)
12. imposition of any of the ISA sanctions on principal offices of a sanctioned firm (added by ITRSHRA).

**Mandatory Sanction: Prohibition on Contracts with the U.S. Government** CISADA (§102[b]) added a requirement in ISA that companies, as a condition of obtaining a U.S. government contract, certify to the relevant U.S. government agency that the firm—and any companies it owns or controls—are not violating ISA. Regulations to implement this requirement were issued on September 29, 2010.

**Executive Order 13574 of May 23, 2011:** This executive order made a blanket stipulation that, when an entity is sanctioned under Section 5 of ISA, the penalties to be imposed are numbers 3, 6, 7, 8, and 9, above. The order also clarified that it is the responsibility of the Department of the Treasury to implement those ISA sanctions that involve the financial sector, including bans on loans, credits, and foreign exchange for, or imports from, the sanctioned entity, as well as blockage of property of the sanctioned entity (if these sanctions are selected by the Secretary of State, who makes the decision which penalties to impose on sanctioned entities). *This order was revoked by E.O. 13716 on Implementation Day, in accordance with the JCPOA.*

### Oversight

Several mechanisms for Congress to oversee whether the Administration is investigating ISA violations were added by ITRSHRA. Section 223 of that law required a Government Accountability Office report, within 120 days of enactment, and another such report a year later, on companies that have undertaken specified activities with Iran that might constitute violations of ISA. Section 224 amended a reporting requirement in Section 110(b) of CISADA by requiring an Administration report to Congress every 180 days on investment in Iran's energy sector, joint ventures with Iran, and estimates of Iran's imports and exports of petroleum products. The GAO reports have been issued; there is no information available on whether the required Administration reports have been issued as well.



## Interpretations and Implementation of ISA and Related Laws

The sections below provide information on how some key ISA provisions have been interpreted.

### *Application to Energy Pipelines*

ISA's definition of "investment" that is subject to sanctions has been consistently interpreted by successive Administrations to include construction of energy pipelines to or through Iran. Such pipelines are deemed to help Iran develop its petroleum (oil and natural gas) sector. This interpretation was reinforced by amendments to ISA in CISADA, which specifically included in the definition of petroleum resources "products used to construct or maintain pipelines used to transport oil or liquefied natural gas." In March 2012, then-Secretary of State Clinton made clear that the Obama Administration interprets the provision to be applicable from the beginning of pipeline construction.<sup>21</sup>

*Implementation.* No gas pipeline projects involving Iran have been sanctioned. Pipeline projects that are under construction or consideration are discussed in the "international compliance" section below.

### *Application to Crude Oil Purchases*

The original version of ISA did not provide for sanctioning purchases of crude oil from Iran. However, laws and executive orders discussed below took that step.

### *Shah Deniz/Other Gas Export Project Exceptions*

The effective dates of U.S. sanctions laws and Orders exclude long-standing joint natural gas projects that involve some Iranian firms—particularly the Shah Deniz natural gas field and pipeline in the Caspian Sea. That project is run by a consortium in which Iran's Naftiran Intertrade Company (NICO) holds a passive 10% share, and includes BP, Azerbaijan's natural gas firm SOCAR, Russia's Lukoil, and other firms. NICO was sanctioned under ISA and other provisions (until JCPOA Implementation Day), but an OFAC factsheet of November 28, 2012, stated that the Shah Deniz consortium, as a whole, is not determined to be "a person owned or controlled by" the government of Iran, as defined in Executive Order 13599, and that transactions with the consortium would not violate U.S. law or regulations. The guidance appears to also apply to the second phase of the project, which also involves NICO and will carry gas to Europe.

### *Application to Purchases from Iran of Natural Gas Pipelines*

IFCA, discussed above, authorized sanctions on transactions with Iran's energy sector, but *specifically excluded from sanctions purchases of natural gas from Iran.* Purchases of Iranian gas were distinguishable from the *construction of natural gas pipelines* involving Iran which, as discussed, was subject to sanctions.

### *Application to Iranian Liquefied Natural Gas Development*

The original version of ISA did not apply to the development by Iran of a liquefied natural gas (LNG) export capability. Iran has no LNG export terminals, in part because the technology for such terminals is patented by U.S. firms and unavailable for sale to Iran. CISADA specifically

<sup>21</sup> <http://dawn.com/2012/03/01/tough-us-warning-on-iran-gas-pipeline/>.

included LNG in the ISA definition of petroleum resources and therefore made subject to sanctions LNG investment in Iran or supply of LNG tankers or pipelines to Iran.

***Application to Private Financing but Not Official Credit Guarantee Agencies***

The definitions of investment and other activity that can be sanctioned under ISA clearly include financing for investment in Iran’s energy sector, or for sales of gasoline and refinery-related equipment and services. Therefore, banks and other financial institutions that assist energy investment and refining and gasoline procurement activities could be sanctioned under ISA.

However, the definitions of financial institutions in Iran sanctions laws are interpreted not to apply to official credit guarantee agencies—such as France’s COFACE and Germany’s Hermes. These credit guarantee agencies are arms of their parent governments, and ISA does not provide for sanctioning governments or their agencies. Early versions of CISADA sanctioned such entities but such provisions were dropped from the final law, possibly to avoid allied criticism.

## **ISA Waiver, Exemptions, and Sunset Provisions**

### **ISA Waiver Provisions/Waiver Implementation for JCPOA**

The President has several ways to waive sanctions under ISA provisions. The President can waive the requirement to investigate violations (blanket waiver, Section 4[c][1][a]) every six (6) months. *This waiver was exercised by the Obama Administration on January 18, 2017, and it was last renewed by the Trump Administration on January 12, 2018. The next expiration deadline is July 12, 2018.*

The President can also waive sanctions on individual companies determined to have committed violations.

Waiving ISA requires certification that doing so is “essential to the national security interests” of the United States. For sanctionable transactions involving WMD equipment, the waiver standard, as modified by the Iran Threat Reduction Act, is “vital to the national security interests of the United States.”

ISA (§5[f]) also contains several exceptions such that the President is not required to impose sanctions that prevent procurement of defense articles and services under existing contracts, in cases where a firm is the sole source supplier of a particular defense article or service. The President is not required to prevent procurement of essential spare parts or component parts.

### **Related IFCA Waiver Authority/Waiver Implementation for JCPOA**

Sections 1244 and 1245 of IFCA provide for a waiver of sanctions for 180 days, renewable for 180-day periods, if such a waiver is determined to be vital to U.S. national security. These sections were waived in order to implement the JPA. In addition, Section 5(a)(7) of ISA was waived to allow for certain transactions with NIOC and NITC. *Sections 1244(i), 1245(g), 1246(e), and 1247(f) of IFCA were waived to implement the JCPOA on January 18, 2017, and that waiver was last renewed on January 12, 2018. The next expiration deadline is July 11, 2018.*

### **“Special Rule” Exempting Firms That End Their Business with Iran**

Under a provision added by CISADA (§102[g][5]), ISA provides a means—a so-called “special rule”—for firms to avoid ISA sanctions by pledging to verifiably end their business with Iran and such business with Iran in the future. Under the special rule, which has been invoked on several occasions, as discussed below, the Administration is not required to impose sanctions against a firm that makes such pledges. However, firms are allowed several years, in some cases, to wind down existing business in Iran, in part because the buy-back program used by Iran pays energy firms back their investment over time, making it highly costly for them to suddenly end operations in Iran.

### **Administration Termination Process and Requirements**

The Administration can immediately terminate all ISA provisions if the Administration certifies that three requirements are met:

(1) that Iran has ceased its efforts to acquire WMD; (2) that Iran has been removed from the U.S. list of state sponsors of terrorism; and (3) that Iran no longer “poses a significant threat” to U.S. national security and U.S. allies.<sup>22</sup>

This termination provision, and the sunset provision discussed below, *does not apply to those laws that apply ISA sanctions without specifically amending ISA*. The executive orders and laws that apply ISA sanctions to specified violators *but without amending ISA itself* can be revoked by a superseding executive order or congressional action that amends or repeals the provisions involved.

### **Sunset (Automatic Termination) Provisions**

ISA was scheduled to sunset on December 31, 2016, as provided for by CISADA. This followed prior sunset extensions to December 31, 2011 (by P.L. 109-293); December 31, 2006 (P.L. 107-24, August 3, 2001); and August 5, 2001 (original law). P.L. 107-24 also required an Administration report on ISA’s effectiveness within 24 to 30 months of enactment; that report was submitted to Congress in January 2004 and did not recommend that ISA be repealed. In December 2016, P.L. 114-277 extended the law, as is, until December 31, 2026.

<sup>22</sup> This termination requirement added by P.L. 109-293 formally removed Libya from the act. Application of the act to Libya terminated on April 23, 2004, with a determination that Libya had fulfilled U.N. requirements.

## Oil Export Sanctions: Section 1245 of the FY2012 NDAA Sanctioning Transactions with Iran’s Central Bank

### *Post-JCPOA Status: Waived*

In 2011, Congress sought to reduce Iran’s exportation of oil outright by imposing sanctions on the mechanisms that importers use to pay Iran for oil. Although then-Treasury Under Secretary David Cohen told the Senate Foreign Relations Committee on December 2, 2011, that the provision could lead to a rise in oil prices that would benefit Iran, the Administration accepted the legislation. In the signing statement on the bill, President Obama indicated he would implement the provision so as not to damage U.S. relations with partner countries.

The law imposed penalties on transactions with Iran’s Central Bank. Section 1245 of the FY2012 National Defense Authorization Act (NDAA, P.L. 112-81, signed on December 31, 2011):

- Requires the President to prevent a foreign bank from opening an account in the United States—or impose strict limitations on existing U.S. accounts—if that bank processes payments through Iran’s Central Bank. The provision applies to a foreign *central bank* only if the transaction with Iran’s Central Bank is for oil purchases. The provision went into effect for *non-oil related* transactions 60 days after enactment (February 29, 2012), and for transactions for *oil purchases* after 180 days (June 28, 2012).
- *Exemption Provision.* The law provided a strong incentive for Iran’s oil buyers to cut purchases of Iranian oil through an exemption provision. The President may grant an exemption for foreign banks—for any transactions with the Central Bank (not just for oil)—if the President certifies that the parent country of the bank has *significantly reduced* its purchases of oil from Iran. That determination is reviewed every 180 days and countries were required to reduce their oil buys from Iran, relative to the previous 180-day period, to retain the exemption. ITRSHRA amended Section 1245 such that any country that completely ceased purchasing oil from Iran would retain an exemption.
- Sanctions on transactions for oil apply only if the President certifies to Congress—90 days after enactment (by March 30, 2012), and every 90 days thereafter, based on a report by the Energy Information Administration to be completed 60 days after enactment (by February 29, 2012)—that the oil market *is* adequately supplied. The first such EIA report was issued on February 29, 2012, and on March 30, 2012, the President determined that there was a sufficient supply of oil worldwide to permit countries to reduce purchases from Iran. An EIA report of April 27, 2012, and Administration determination of June 11, 2012, made similar certifications, triggering the sanctions as of June 28, 2012. Subsequent similar EIA reports and Administration determinations have been issued in each 180-day period, even though the law is in a state of waiver. The latest such determination was made in mid-November 2017.

### **Implementation: Exemptions Issued**

The lack of precise definition of “significant reduction” in oil purchases gave the Administration flexibility in applying the exemption provision. On January 19, 2012, several Senators wrote to Treasury Secretary Geithner agreeing with outside experts that the Department of the Treasury should define “significant reduction” as an 18% purchase reduction based on total price paid (not

just volumes).<sup>23</sup> Administration officials said they largely adopted that standard. The EU embargo on purchases of Iranian oil, announced January 23, 2012, and which took full effect by July 1, 2012, implied that virtually all EU oil customers of Iran would obtain exemptions. The table below on major Iranian oil customers indicates cuts made by major customers compared to 2011.

### *Exemptions Issued and Maintained*<sup>24</sup>

- After March 20, 2012, Japan maintained an exemption for significantly reducing purchases and 10 EU countries were exempted for ending purchases pursuant to the EU Iran oil purchase embargo of July 1, 2012. The 10 EU countries are Belgium, Czech Republic, France, Germany, Greece, Italy, the Netherlands, Poland, Spain, and Britain. (Seventeen EU countries were not granted exemptions because they were not buying Iran’s oil and could not “significantly reduce” buys from Iran.)
- After June 2012, the following countries maintained exemptions for significant reductions: China, India, South Korea, Turkey, and Taiwan.
- Also after June 2012, the following countries maintained exemptions for ending oil purchases from Iran: Singapore, Malaysia, South Africa, and Sri Lanka.

The waivers issued for this provision to implement the JCPOA (see below) suspends the requirement for a country to cut oil purchases from Iran in order to maintain its exemption from sanctions. Should the provision not be waived and go back into effect, countries would be required to cut their oil purchases from Iran and try to requalify for their exemptions.

#### **Waiver and Termination Provisions**

The law provides for the President to waive the sanctions for 120 days, renewable for successive 120-day periods, if the President determines that doing so is in the national security interest. Outright repeal or amendment of this law would require congressional action.

This provision was waived to implement the JPA (to allow Iran’s oil customers to maintain purchases level at 1.1 million barrels per day) and again to implement the JCPOA (to remove any ceiling on Iran’s exports of oil).

#### **Waivers to Implement the JCPOA**

*The provision (Section 1245(d)(5)) was waived on January 18, 2017, just before the Obama Administration left office. The Trump Administration renewed the waiver on May 18, 2017, on September 14, 2017, and on January 12, 2018. The next waiver deadline is May 12, 2018.*

## **Foreign Exchange Reserves “Lock Up” Provision of ITRSHRA**

### *Post-JCPOA Status: Waived*

The ability of Iran to repatriate its earned hard currency to the Central Bank was impeded by a provision of the ITRSHRA which went into effect on February 6, 2013—180 days after enactment. Section 504 of the Iran Threat Reduction Act amended P.L. 112-81 (adding “clause ii” to Paragraph D[1]) by requiring that any funds owed to Iran as a result of exempted transactions (oil purchases, for example) be credited to an account located in the country with primary jurisdiction over the foreign bank making the transaction. This provision essentially locked up any foreign exchanges Iran earned in foreign banks around the world, mainly the banks of Iran’s

<sup>23</sup> Text of letter from Senators Mark Kirk and Robert Menendez to Secretary Geithner, January 19, 2012.

<sup>24</sup> Announcements by the Department of State, March 20, 2012, June 11, 2012, and June 28, 2012.

main oil customers. The provision largely compelled Iran to buy the products of the oil customer countries.

### ITRSHRA Waiver Provision

The waiver provision that applies to the sanctions imposed under the FY2012 NDAA (P.L. 112-81) applies to this hard currency “lock-up” provision. A waiver period of six months is permitted.

To implement the JPA, a waiver was issued under P.L. 112-81 (Section 212 and 213) to allow Iran to receive some hard currency from ongoing oil sales in eight installments during the JPA period. Iran remained unable under the JPA to remove hard currency from existing accounts abroad. As of Implementation Day, the restriction has been waived completely, enabling Iran to gain access to hard currency from ongoing purchases of its oil.

### Waivers to Implement the JCPOA

Sections 212(d)(10 and 2134(b)(1) of ITRSHRA was waived by the Obama Administration on January 18, 2017. The waiver was last renewed on January 12, 2018. The next waiver expiration is on July 12, 2018.

**Table I. Top Oil Buyers From Iran and Reductions**

(amounts in barrels per day, including condensates)

Country/Bloc	2011 Average	Average (JPA Start-Implementation Day)	Current Levels
European Union (particularly Italy, Spain, and Greece)	600,000	Negligible	Rebounded most of the way to the 2011 level
China	550,000	410,000	slightly above 2011 level
Japan	325,000	190,000	close to 2011 level
India	320,000	190,000	back to 2011 level
South Korea	230,000	130,000	back to 2011 level
Turkey	200,000	120,000	back to 2011 level
South Africa	80,000	Negligible	unclear if imports resumed
Malaysia	55,000	Negligible	same as above
Sri Lanka	35,000	Negligible	same as above
Taiwan	35,000	10,000	same as above
Singapore	20,000	Negligible	same as above
Other	55,000	Negligible	same as above
<b>Total</b>	<b>2.5 mbd</b>	<b>1.057 mbd</b>	<b>2.4 mbd estimate</b>

**Source and Note:** International Energy Agency and rough estimates based on CRS conversations with foreign diplomats and press reports. Actual volumes might differ, and import volumes may fluctuate dramatically over short periods of time as actual tanker deliveries occur. Figures include purchases of condensates, which are light petroleum liquids that are associated with oil and natural gas production.

# Sanctions on Weapons of Mass Destruction, Missiles, and Conventional Arms Transfers

## *Post-JCPOA Status: All Sanctions in This Section Remain in Force*

Several laws and executive orders seek to bar Iran from obtaining U.S. or other technology that can be used for weapons of mass destruction (WMD) programs. Sanctions on Iran's exportation of arms are discussed in the sections above on sanctions for Iran's support for terrorist groups.

## Iran-Iraq Arms Nonproliferation Act and Iraq Sanctions Act

The Iran-Iraq Arms Nonproliferation Act (Title XIV of the FY1993 National Defense Authorization Act, P.L. 102-484, signed in October 1992) imposes a number of sanctions on foreign entities that supply Iran with WMD technology or “destabilizing numbers and types of advanced conventional weapons.”<sup>25</sup> *Advanced conventional weapons* are defined as follows:

- (1) such long-range precision-guided munitions, fuel air explosives, cruise missiles, low observability aircraft, other radar evading aircraft, advanced military aircraft, military satellites, electromagnetic weapons, and laser weapons as the President determines destabilize the military balance or enhance the offensive capabilities in destabilizing ways;
- (2) such advanced command, control, and communications systems, electronic warfare systems, or intelligence collections systems as the President determines destabilize the military balance or enhance offensive capabilities in destabilizing ways; and
- (3) such other items or systems as the President may, by regulation, determine necessary for the purposes of this title.

These technologies are generally understood to include technology that could be used to develop ballistic missiles.

*Sanctions to be Imposed:* Sanctions imposed on violating entities include

- a ban, for two years, on U.S. government procurement from the entity;
- a ban, for two years, on licensing U.S. exports to that entity;
- authority (but not a requirement) to ban U.S. imports from the entity.

If the violator is determined to be a foreign country, sanctions to be imposed are

- a one-year ban on U.S. assistance to that country;
- a one-year requirement that the United States vote against international lending to it;
- a one-year suspension of U.S. coproduction agreements with the country;
- a one-year suspension of technical exchanges with the country in military or dual use technology;
- a one-year ban on sales of U.S. arms to the country;

<sup>25</sup> The act originally only applied to advanced conventional weapons. The extension to WMD, defined as chemical, biological, or nuclear weapons-related technology was added by the FY1996 National Defense Authorization Act (P.L. 104-106).



- an authorization to deny the country most-favored-nation trade status; and to ban U.S. trade with the country.

Section 1603 of the act amended an earlier law, the Iraq Sanctions Act of 1990 (Section 586G(a) of P.L. 101-513), to provide for a “presumption of denial” for all dual use exports to Iran (including computer software).

### ***Implementation***

A number of entities were sanctioned under the act in the 1990s. None of the designations remain active, because the sanctions have limited duration, as noted above. The entities sanctioned under the act are in the tables at the end of this report.

#### **Waiver and Termination**

Section 1606 of the act provides a presidential waiver for the provisions of the act, and for those imposed pursuant to the Iraq Sanctions Act of 1990, if the President determines a waiver is “essential to the national interest.”

Terminating this sanction outright would require congressional action.

## **Anti-Terrorism and Effective Death Penalty Act of 1996**

Another law reinforces the authority of the President to sanction governments that sell arms to Iran. Under Sections 620G and 620H of the Foreign Assistance Act, as added by the Anti-Terrorism and Effective Death Penalty Act of 1996 (Sections 325 and 326 of P.L. 104-132), the President is required to withhold foreign aid from any country that provides to a terrorism list country financial assistance or arms. Waiver authority is provided. Section 321 of that act also makes it a criminal offense for U.S. persons to conduct financial transactions with terrorism list governments.

### ***Implementation***

This particular sanction would not likely affect potential arms suppliers to Iran that do not receive U.S. foreign assistance. No foreign assistance cuts or other penalties under this law have been announced.

## **Proliferation-Related Provision of the Iran Sanctions Act**

As noted above, *Section 5(b)(1)* of ISA subjects to ISA sanctions firms or persons determined to have sold to Iran (1) technology useful for weapons of mass destruction (WMD) or (2) “destabilizing numbers and types” of advanced conventional weapons. *This, and Section 5(b)(2) pertaining to joint ventures to mine uranium, are the only provisions of ISA that were not waived to implement the JCPOA.*

### ***Implementation***

As noted earlier, no sanctions under this section of ISA have been imposed.

## **Iran-North Korea-Syria Nonproliferation Act**

The Iran Nonproliferation Act (P.L. 106-178, signed in March 2000) is now called the Iran-North Korea-Syria Nonproliferation Act (INKSNA) after amendments applying its provisions to North Korea and to Syria. It authorizes sanctions—for two years unless renewed—on foreign *persons*

(individuals or corporations, not governments) that are determined in a report by the Administration to have assisted Iran's WMD programs. Sanctions imposed include (1) a prohibition on U.S. exportation of arms and dual use items to the sanctioned entity; and (2) a ban on U.S. government procurement and of imports to the United States from the sanctioned entity under Executive Order 12938 (of November 14, 1994). INKSNA also banned U.S. extraordinary payments to the Russian Aviation and Space Agency in connection with the international space station unless the President certified that the agency had not transferred any WMD or missile technology to Iran within the year prior.<sup>26</sup>

### **Implementation**

Entities that have been sanctioned under this law are listed in the tables at the end of the report. Most of the sanctions have expired because most of the designations of violators were made more than two years ago. *The JCPOA requires the United States to suspend INKSNA sanctions against "the acquisition of nuclear-related commodities and services for nuclear activities contemplated in the JCPOA."* No entities were "delisted" to implement the JCPOA.

#### **Waiver and Termination**

Section 4 gives the President the authority to not impose sanctions if the President justifies that decision to Congress. Section 5 provides for exemptions from sanctions if certain conditions are met, particularly that the government with jurisdiction over the entity cooperating to stop future such transfers to Iran.

Termination of this law would require congressional action.

## **Executive Order 13382 on Proliferation-Supporting Entities**

### ***Status: Order Remains in Force, but Numerous Entities "Delisted"***

Executive Order 13382 (June 28, 2005) allows the President to block the assets of proliferators of weapons of mass destruction (WMD) and their supporters under the authority granted by the International Emergency Economic Powers Act (IEEPA; 50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and Section 301 of Title 3, *United States Code*.

*Sanctions Mandated by the Countering America's Adversaries Through Sanctions Act (P.L. 115-44).* The law, signed on August 2, 2017, mandates E.O. 13382 sanctions on entities determined by the Administration to be assisting Iran's ballistic missile program (Section 104) and on entities that sell weapons systems to Iran. The weapons systems specified are the same as those in U.N. Security Council Resolution 2231 (most major combat systems), which goes somewhat beyond prior law that mandates sanctions mainly on sales to Iran of destabilizing numbers and types of advanced conventional weapons.

*Implementation.* The numerous entities sanctioned under the order for dealings with Iran are listed in the tables at the end of this report. Entities delisted and to be delisted in accordance with the JCPOA (in October 2023) are in italics and boldface type, respectively.

<sup>26</sup> The provision contains certain exceptions to ensure the safety of astronauts, but it nonetheless threatened to limit U.S. access to the international space station after April 2006, when Russia started charging the United States for transportation on its Soyuz spacecraft. Legislation in the 109<sup>th</sup> Congress (S. 1713, P.L. 109-112) amended the provision in order to facilitate continued U.S. access and extended INA sanctions provisions to Syria.

### Sanctions on the Islamic Revolutionary Guard Corps (IRGC)

Numerous sanctions discussed in this report target Iran's Islamic Revolutionary Guard Corps (IRGC), which plays a role in repressing domestic dissent, developing Iran's energy sector, developing Iran's WMD programs particularly by procuring technology abroad, and supporting pro-Iranian militant movements and governments in the Middle East region. Much of the work on Iran's oil and gas fields is done through a series of contractors. Some of them, such as Khatam ol-Anbia and Oriental Kish, have been identified by the U.S. government as controlled by the IRGC and have been sanctioned under various executive orders. The 2011 appointment of Khatam ol-Anbia's chief, Rostam Ghasemi, as oil minister, caused the U.S. government and many experts to assess that the IRGC role in Iran's energy sector was large and growing. He was replaced by President Hassan Rouhani with a former Oil Minister and oil industry professional, but the IRGC involvement in Iran's energy sector is not shrinking. The *Wall Street Journal* reported on May 27, 2014, that Khatam ol-Anbia has \$50 billion in contracts with the Iranian government, including in the energy sector but also in port and highway construction. It has as many as 40,000 employees. Sanctions targeting the IRGC are discussed below—and no IRGC-related sanctions have been waived or terminated to implement the JCPOA:

- The IRGC is named as a proliferation supporting entity under Executive Order 13382, and the Qods Force, the unit of the IRGC that assists pro-Iranian movements and countries abroad, is named as a terrorism supporting entity under Executive Order 13324. Several Iranian firms linked to the IRGC are sanctioned, as noted in the tables at the end of this report. Several IRGC commanders are named under other executive orders, discussed below, sanctioning Iranian human rights abusers, abusers of Syrian human rights, and entities undermining stability in Iraq.
- Section 311 of the ITRSHRA requires a certification by a contractor to the U.S. government that it is not knowingly engaging in a significant transaction with Iran's Islamic Revolutionary Guard Corps (IRGC), or any of its agents or affiliates that have been sanctioned under several executive orders discussed below. A contract may be terminated if it is determined that the company's certification of compliance was false.
- Section 302 of the Iran Threat Reduction Act imposes at least 5 out of 12 ISA sanctions on persons that materially assist, with financing or technology, the IRGC, or assist or engage in "significant" transactions with any of its affiliates that are sanctioned under Executive Order 13382, 13224, or similar executive orders discussed below—or which are determined to be affiliates of the IRGC. *Section 302 did not amend ISA.*
- Section 301 of the Iran Threat Reduction Act requires the President, within 90 days of enactment (by November 9, 2012), to identify "officials, agents, or affiliates" of the IRGC and to impose sanctions in accordance with Executive Order 13382 or 13224, including blocking any such designee's U.S.-based assets or property. Some of these designations, including of National Iranian Oil Company (NIOC), were made by the Treasury Department on November 8, 2012.
- Section 303 of the ITRSHRA requires the imposition of sanctions on agencies of foreign governments that provide technical or financial support, or goods and services to sanctioned (under U.S. executive orders or U.N. resolutions) members or affiliates of the IRGC. Sanctions include a ban on U.S. assistance or credits for that foreign government agency, a ban on defense sales to it, a ban on U.S. arms sales to it, and a ban on exports to it of controlled U.S. technology.
- Section 104 of CISADA sanctions foreign banks that conduct significant transactions with the IRGC or any of its agents or affiliates that are sanctioned under any executive order. It also sanctions any entity that assists Iran's Central Bank efforts to help the IRGC acquire WMD or support international terrorism.
- The Countering America's Adversaries Through Sanctions Act (P.L. 115-44) mandates sanctions contained in E.O. 13224 (terrorism entities) on the IRGC and its officials, agents and affiliates be applied by October 30, 2017. On October 13, 2017, the Treasury Department designated the IRGC under E.O. 13224.

*No IRGC-related laws or executive orders were waived or suspended to implement the JCPOA and no IRGC affiliates were "delisted." There are no commitments in the JCPOA for the United States to suspend any IRGC-related sanctions.*

### Foreign Aid Restrictions for Named Suppliers of Iran

Some past foreign aid appropriations have withheld U.S. assistance to the Russian Federation unless it terminates technical assistance to Iran's nuclear and ballistic missiles programs. The provision applied to the fiscal year for which foreign aid is appropriated. Because U.S. aid to Russia generally has not gone to the Russian government, little or no funding was withheld as a result of the provision. The JCPOA makes no reference to any U.S. commitments to waive this sanction or to request that Congress not enact such a provision.

## Sanctions on “Countries of Diversion Concern”

Title III of CISADA established authorities to sanction countries that allow U.S. technology that Iran could use in its nuclear and WMD programs to be reexported or diverted to Iran. Section 303 of CISADA authorizes the President to designate a country as a “Destination of Diversion Concern” if that country allows substantial diversion of goods, services, or technologies characterized in Section 302 of that law to Iranian end-users or Iranian intermediaries. The technologies specified include any goods that could contribute to Iran’s nuclear or WMD programs, as well as goods listed on various U.S. controlled-technology lists such as the Commerce Control List or Munitions List. For any country designated as a country of diversion concern, there would be prohibition of denial for licenses of U.S. exports to that country of the goods that were being reexported or diverted to Iran.

*Implementation:* To date, no country has been designated a “Country of Diversion Concern.” However, the potential for such designation has, according to some U.S. officials, caused some countries to adopt or enforce antiproliferation laws and reduce illicit technology transfers to Iran.

### Waiver and Termination

**Waiver:** The President may waive sanctions on countries designated as of Diversion Concern for 12 months, and additional 12-month periods, pursuant to certification that the country is taking steps to prevent diversions and re-exports.

**Termination:** The designation terminates on the date the President certifies to Congress that the country has adequately strengthened its export controls to prevent such diversion and reexports to Iran in the future. The JCPOA makes no reference to waiving or terminating this sanction.

## Financial/Banking Sanctions

U.S. efforts to shut Iran out of the international banking system were a key component of the 2010-2016 international sanctions regime. Some unilateral sanctions on the Iranian financial system remain.

### Targeted Financial Measures

#### *Status: Initiative Terminated*

During 2006-2016, the Department of the Treasury used longstanding authorities to persuade foreign banks to cease dealing with Iran by attempting to convince the banks that Iran is using the international financial system to fund terrorist groups and acquire weapons-related technology. According to a GAO report of February 2013, the Department of the Treasury made overtures to 145 banks in 60 countries, including several visits to banks and officials in the UAE, and convinced at least 80 foreign banks to cease handling financial transactions with Iranian banks. Since Implementation Day, the Treasury Department has largely dropped this initiative, and instead largely sought to educate foreign banks that they are able to conduct normal transactions with Iran.

## Ban on Iranian Access to the U.S. Financial System

### *Status: Remains in Force*

U.S. regulations ban Iran from direct access to the U.S. financial system. The Iran Transactions Regulations (C.F.R. Section 560.516) allow U.S. banks to send funds (including U.S. dollars) to Iran for allowed (licensed) transactions. However, the U.S. dollars cannot be directly transferred to an Iranian bank, but must instead be channeled through an intermediary financial institution, such as a European bank. Section 560.510 specifically allows for U.S. payments to Iran to settle or pay judgments to Iran, such as those reached in connection with the U.S.-Iran Claims Tribunal, discussed above. However, the prohibition on dealing directly with Iranian banks still applies.

*Ban on U-Turn Transactions.* On November 6, 2008, the Department of the Treasury tightened regulations further by barring U.S. banks from handling any indirect transactions (U-turn transactions, meaning transactions with non-Iranian foreign banks that are handling transactions on behalf of an Iranian bank) with all Iranian banks.<sup>27</sup> This ban remains in effect under the JCPOA.

Iran has argued that these U.S. restrictions deter European and other banks from reentering the Iran market, as discussed later in this report.

### *Implementation*

The Department of the Treasury and other U.S. authorities has announced financial settlements (forfeiture of assets and imposition of fines) with various banks that have helped Iran (and in some cases other countries such as Sudan, Syria, and Cuba) access the U.S. financial system. The settlement dollar amounts were reportedly determined, at least in part, by the dollar value, number, and duration of illicit transactions conducted, and the strength of the evidence collected by the accusing U.S. regulators.<sup>28</sup> It is not known from available sources how the final settlement amounts compare to the amounts initially sought by U.S. regulators. (1) In 2004, UBS paid a \$100 million settlement for the unauthorized movement of U.S. dollars to Iran and other sanctioned countries; (2) in December 2005, Dutch bank ABN Amro paid an \$80 million settlement for failing to fully report the processing of financial transactions involving Iran's Bank Melli; (3) in December 2009, Credit Suisse paid a \$536 million settlement for illicitly processing Iranian transactions with U.S. banks;<sup>29</sup> (4) in June 2012, Dutch bank ING paid a \$619 million settlement for concealing the movement of billions of dollars through the U.S. financial system on behalf of Iranian and Cuban clients;<sup>30</sup> (5) in August 2012, Standard Chartered paid a \$340 million settlement to New York State regulators for allegations that it had processed transactions on behalf of Iran;<sup>31</sup> (6) in January 2014, Luxembourg-based Clearstream Banking paid \$152 million for helping Iran evade restrictions on dealing with U.S. banks; (7) in January 2014, the Bank of Moscow paid a \$9.5 million settlement for illicitly moving money through the U.S.

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<sup>27</sup> For text of the OFAC ruling barring U-Turn transactions, see [https://www.treasury.gov/resource-center/sanctions/Documents/fr73\\_66541.pdf](https://www.treasury.gov/resource-center/sanctions/Documents/fr73_66541.pdf).

<sup>28</sup> Analyst conversations with U.S. banking and sanctions experts. 2010-2015.

<sup>29</sup> <http://www.justice.gov/opa/pr/credit-suisse-agrees-forfeit-536-million-connection-violations-international-emergency>.

<sup>30</sup> [http://www.nytimes.com/2012/06/13/business/ing-bank-to-pay-619-million-over-sanctions-violations.html?\\_r=0](http://www.nytimes.com/2012/06/13/business/ing-bank-to-pay-619-million-over-sanctions-violations.html?_r=0).

<sup>31</sup> Jessica Silver-Greenberg, "Regulator Says Bank Helped Iran Hide Deals," *New York Times*, August 7, 2012.

financial system on behalf of Bank Melli,<sup>32</sup> and (8) in June 2014, a U.S. judge issued a sentence conforming to the terms of a Justice Department settlement with BNP Paribas requiring the bank to plead guilty to helping Iran (and Sudan and Cuba) violate U.S. sanctions and to forfeit \$8.9 billion and pay \$140 million in fines.<sup>33</sup>

As noted in the section on Blocked Iranian Property above, the FY2016 Consolidated Appropriation (P.L. 114-113) provides for use of the proceeds of the settlements above to pay compensation to victims of Iranian terrorism.

## **CISADA: Sanctioning Foreign Banks That Conduct Transactions with Sanctioned Iranian Banks**

### ***Post-JCPOA Status: Banking-related Provisions Remain in Force, but Most Iranian Banks and Other Civilian Entities “Delisted.”***

Section 104 of CISADA—along with U.N. and EU sanctions—was intended to reduce the ability of Iran’s pivotal import-export community (referred to in Iran as the “bazaar merchants” or “*bazaaris*”) from obtaining “letters of credit” (trade financing) to buy or sell goods. Section 104 of CISADA requires the Secretary of the Treasury to prescribe several sets of regulations to forbid U.S. banks from opening new “correspondent accounts” or “payable-through accounts” (or force the cancellation of existing such accounts) for

- any foreign bank determined by the President to have facilitated (including by engaging in money laundering or helping Iran’s Central Bank or other Iranian bank) Iran’s efforts to acquire WMD or delivery systems or provide support to groups named as Foreign Terrorist Organizations (FTOs) by the United States.
- any foreign bank that facilitates (including by engaging in money laundering or helping Iran’s Central Bank or other Iranian bank) “the activities of” an entity designated under by U.N. Security Council resolutions that sanction Iran.
- any foreign bank that transacts business with the IRGC or any of its affiliates designated under any U.S. Iran-related executive order.
- any foreign bank that transacts business with an entity that is sanctioned by Executive Order 13224 or 13382 (terrorism and proliferation activities, respectively). These orders are discussed above. A full list of such entities is at the end of this report, and entities “delisted” are in italics.
- any foreign bank that does business with Iran’s energy, shipping, and shipbuilding sectors, including with NIOC, NITC, and IRISL. This provision was added by Section 1244(d) of IFCA *but it does not specifically amend CISADA. The provision was waived to implement the JCPOA.*

Foreign banks that do not have operations in the United States typically establish correspondent accounts or payable-through accounts with U.S. banks as a means of accessing the U.S. financial system. The Department of the Treasury has authority to determine what constitutes a “significant” financial transaction.

<sup>32</sup> Rick Gladstone. “U.S. Announces Actions to Enforce Iran Sanctions.” *New York Times*, April 29, 2014.

<sup>33</sup> <http://www.reuters.com/article/2015/05/01/us-bnp-paribas-settlement-sentencing-idUSKBN0NM41K20150501>.



## Implementation of Section 104: Sanctions Imposed

On July 31, 2012, the Administration announced the first sanctions under Section 104 of CISADA. Sanctioned were the Bank of Kunlun in China and the Elaf Islamic Bank in Iraq. However, on May 17, 2013, the Department of the Treasury lifted sanctions on Elaf Islamic Bank in Iraq, asserting that the bank had reduced its exposure to the Iranian financial sector and stopped providing services to an Iranian bank sanctioned by the EU (Export Development Bank of Iran).

### Waiver and Termination

Under Section 401(a) of CISADA, the Section 104 sanctions provisions would terminate 30 days after the President certifies to Congress that Iran (1) has met the requirements for removal from the terrorism list, AND (2) has ceased pursuit, acquisition, or development of, and verifiably dismantled its nuclear weapons and other WMD programs.

The Secretary of the Treasury may waive sanctions under Section 104, with the waiver taking effect 30 days after the Secretary determines that a waiver is necessary to the national interest and submits a report to Congress describing the reason for that determination.

As noted, Section 104 was not waived to implement the JCPOA, but many entities with which transactions would have triggered sanctions under Section 104 have been “delisted” in accordance with the JCPOA.

## Iran Designated a Money-Laundering Jurisdiction/FATF

*Post-JCPOA Status: Central Bank remains designated under this section.*

On November 21, 2011, the Administration took further steps to isolate Iran’s banking system by identifying Iran as a “jurisdiction of primary money laundering concern”<sup>34</sup> under Section 311 of the USA Patriot Act (31 U.S.C. 5318A). The Department of the Treasury determined that Iran’s financial system, including the Central Bank, constitutes a threat to governments or financial institutions that do business with these banks. The designation carried no immediate penalty, but it imposed additional requirements on U.S. banks to ensure against improper Iranian access to the U.S. financial system.

The designation of the Central Bank was, in part, justified by the Administration as implementing recommendations of the Financial Action Task Force (FATF)—a multilateral standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). The FATF characterizes Iran as a high-risk and noncooperative jurisdiction with respect to AMF/CFT issues.<sup>35</sup> On June 24, 2016, the FATF welcomed an “Action Plan” filed by Iran to address its strategic AML/CFT deficiencies and decided to suspend for one year “counter-measures”—mostly voluntary recommendations of increased due diligence with respect to Iran transactions—pending an assessment of Iran’s implementation of its Action Plan. The FATF continued the suspension of counter-measures as of June 23, 2017,<sup>36</sup> because of “relevant steps” Iran has taken to implement its Action Plan.

<sup>34</sup> <http://www.treasury.gov/press-center/press-releases/Pages/tg1367.aspx>.

<sup>35</sup> <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-february-2016.html>.

<sup>36</sup> <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2017.html>.



## Sanctions on Iran’s Cyber and Transnational Criminal Activities

The Trump Administration appears to be making increasing use of executive orders issued during the Obama Administration to sanction Iranian entities determined to be engaged in malicious cyber activities or in transnational crime. Iranian entities have attacked, or attempted to attack, using cyber activity, infrastructure in the United States, Saudi Arabia, and elsewhere. Iran’s capabilities to conduct cyberattacks appears to be growing. Separately, the Justice Department has prosecuted Iranian entities for such activity. The section below discusses Executive Order 13694 on malicious cyber activities and Executive Order 13581 on transnational crime.

### Executive Order 13694 (April 1, 2015)

Executive Order 13694 blocks U.S.-based property of foreign entities determined to have engaged in cyber-enabled activities that (1) harm or compromise the provision of services by computers or computer networks supporting in the critical infrastructure sector; (2) compromise critical infrastructure; (3) disrupt computers or computer networks; or (4) cause misappropriation of funds, trade secrets, personal identifiers or financial information for financial advantage or gain.

### Executive Order 13581 (July 25, 2011)

Executive Order 13581 blocks the U.S.-based property of entities determined: (1) to be a foreign person that constitutes a significant transnational criminal organization; (2) to have materially assisted any person sanctioned under this order; or (3) to be owned or controlled by or to have acted on behalf of a person sanctioned under the order.

### Implementation

Iran-related entities sanctioned under the Orders are listed in the tables at the end of this report.

## Divestment/State-Level Sanctions

Some U.S. laws require or call for divestment of shares of firms that conduct certain transactions with Iran. A divestment-promotion provision was contained in CISADA, providing a “safe harbor” for investment managers who sell shares of firms that invest in Iran’s energy sector at levels that would trigger U.S. sanctions under the Iran Sanctions Act. As noted above, Section 219 of the ITRSHRA of 2012 requires companies to reports to the Securities and Exchange Commission whether they or any corporate affiliate has engaged in any transactions with Iran that could trigger sanctions under ISA, CISADA, and E.O 13382 and 13224.

*Implementation:* Numerous states have adopted laws, regulations, and policies to divest from—or avoid state government business with—foreign companies that conduct certain transactions with Iran. The JCPOA requires the United States to work with state and local governments to ensure that state-level sanctions do not conflict with the sanctions relief provided by the federal government under the JCPOA. Most states that have adopted Iran sanctions continue to enforce those measures.

## Sanctions and Sanctions Exemptions to Support Democratic Change/Civil Society in Iran

*Post-JCPOA Status: Virtually All Sanctions in This Section Remain in Effect. No Entities “Delisted.”<sup>37</sup>*

A trend in U.S. policy and legislation since the June 12, 2009, election-related uprising in Iran has been to support the ability of the domestic opposition in Iran to communicate and to sanction Iranian officials that commit human rights abuses. Sanctions on the IRGC represent one facet of that trend because the IRGC is key suppressive instrument. Individuals and entities designated under the executive orders and provisions discussed below are listed in the tables at the end of this report. For those provisions that ban visas to enter the United States, the State Department interprets the provisions to apply to all members of the designated entity.<sup>38</sup>

### Expanding Internet and Communications Freedoms

Some laws and Administration action focus on expanding Internet freedom in Iran or preventing the Iranian government from using the Internet to identify opponents. Subtitle D of the FY2010 Defense Authorization Act (P.L. 111-84), called the “VOICE” (Victims of Iranian Censorship) Act, contained several provisions to increase U.S. broadcasting to Iran and to identify (in a report to be submitted 180 days after enactment) companies that are selling Iran technology equipment that it can use to suppress or monitor the Internet usage of Iranians. The act authorized funds to document Iranian human rights abuses since the June 2009 Iranian presidential election. Section 1241 required an Administration report by January 31, 2010, on U.S. enforcement of sanctions against Iran and the effect of those sanctions on Iran.

### Countering Censorship of the Internet: CISADA, E.O. 13606, and E.O. 13628

- Section 106 of CISADA prohibits U.S. government contracts with foreign companies that sell technology that Iran could use to monitor or control Iranian usage of the Internet. The provisions were directed, in part, against Nokia (Finland) and Siemens (Germany) for reportedly selling Internet monitoring and censorship technology to Iran in 2008.<sup>39</sup> The provision was derived from the Reduce Iranian Cyber-Suppression Act (111<sup>th</sup> Congress, S. 1475 and H.R. 3284).
- On April 23, 2012, President Obama issued an executive order (13606) sanctioning persons who commit “Grave Human Rights Abuses by the Governments of Iran and Syria Via Information Technology (GHRAVITY).” The order blocks the U.S.-based property and essentially bars U.S. entry and bans any U.S. trade with persons and entities listed in an Annex and persons or entities subsequently determined to be (1) operating any technology that allows the Iranian (or Syrian) government to disrupt, monitor, or track computer usage by

<sup>37</sup> Sections 5-7 and 15 of Executive Order 13628 which have to do primarily with Iran’s energy sector, were revoked, but the remaining sections, which concern human rights issues, remain in place.

<sup>38</sup> U.S. Department of the Treasury, Office of Public Affairs, *Treasury Sanctions Iranian Security Forces for Human Rights Abuses*, June 9, 2011.

<sup>39</sup> Christopher Rhoads, “Iran’s Web Spying Aided by Western Technology,” *Wall Street Journal*, June 22, 2009.

citizens of those countries or assisting the two governments in such disruptions or monitoring; or (2) selling to Iran (or Syria) any technology that enables those governments to carry out such actions.

- Section 403 of the ITRSHRA sanctions (visa ban, U.S.-based property blocked) persons/firms determined to have engaged in censorship in Iran, limited access to media, or—for example, a foreign satellite service provider—supported Iranian government jamming or frequency manipulation. On October 9, 2012, the President issued Executive Order 13628 implementing Section 403 by blocking the property of persons/firms determined to have committed the censorship, limited free expression, or assisted in jamming communications. The order also specifies the sanctions authorities of the Department of State and of the Treasury.

### Laws and Actions to Promote Internet Communications by Iranians

- On March 8, 2010, OFAC amended the Iran Transactions Regulations to allow for a general license for providing free mass market software to Iranians. The ruling incorporated major features of the Iran Digital Empowerment Act (H.R. 4301 in the 111<sup>th</sup> Congress). The OFAC determination required a waiver of the provision of the Iran-Iraq Arms Nonproliferation Act (Section 1606 waiver provision) discussed above.
- Section 103(b)(2) of CISADA exempts from the U.S. export ban on Iran equipment to help Iranians communicate and use the Internet.
- On March 20, 2012, the Department of the Treasury amended U.S.-Iran trade regulations to permit several additional types of software and information technology products to be exported to Iran under general license, provided the products were available at no cost to the user.<sup>40</sup> The items included personal communications, personal data storage, browsers, plug-ins, document readers, and free mobile applications related to personal communications.
- On May 30, 2013, the Department of the Treasury amended the trade regulations further to allow for the sale, *on a cash basis* (no financing), to Iran of equipment that Iranians can use to communicate (e.g., cellphones, laptops, satellite Internet, website hosting, and related products and services).

### Measures to Sanction Human Rights Abuses and Promote the Opposition

Some legislation has sought to sanction regime officials involved in suppressing the domestic opposition in Iran or in human rights abuses more generally. Much of this legislation centers around amendments to Section 105 of CISADA.

- *Sanctions against Iranian Human Rights Abusers.* Section 105 of CISADA, modeled on a Senate bill in the 111<sup>th</sup> Congress (S. 3022, the Iran Human Rights Sanctions Act), bans travel and freezes the U.S.-based assets of those Iranians determined to be human rights abusers. On September 29, 2010, pursuant to Section 105, President Obama issued Executive Order 13553 providing for

<sup>40</sup> *Fact Sheet: Treasury Issues Interpretive Guidance and Statement of Licensing Policy on Internet Freedom in Iran*, March 20, 2012.

- CISADA sanctions against Iranians determined to be responsible for or complicit in post-2009 Iran election human rights abuses. Those sanctioned under the provisions are listed in the tables at the end of this report. Section 105 terminates if the President certifies to Congress that Iran has (1) unconditionally released all political prisoners detained in the aftermath of the June 2009 uprising; (2) ceased its practices of violence, unlawful detention, torture, and abuse of citizens who were engaged in peaceful protest; (3) fully investigated abuses of political activists that occurred after the uprising; and (4) committed to and is making progress toward establishing an independent judiciary and respecting human rights recognized in the Universal Declaration of Human Rights.
- *Expansion of Authority by The Countering America's Adversaries Through Sanctions Act (P.L. 115-44).* Section 106 of this law, which was signed on August 2, 2017, expands the authority of E.O. 13553 by authorizing (but not requiring) the President to impose sanctions on persons responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights in Iran. The authority applies broadly to Iranian human rights abuses and is not limited, as E.O. 13553 is, to human rights abuses connected to the June 2009 uprising in Iran.
  - *Sanctions on Sales of Anti-Riot Equipment.* Section 402 of the ITRSHRA amended Section 105 by adding provisions that sanction (visa ban, U.S. property blocked) any person or company that sells the Iranian government goods or technologies that it can use to commit human rights abuses against its people. Such goods include firearms, rubber bullets, police batons, chemical or pepper sprays, stun grenades, tear gas, water cannons, and like goods. In addition, ISA sanctions are to be imposed on any person determined to be selling such equipment to the IRGC.
  - *Sanctions Against Iranian Government Broadcasters.* Section 1248 of IFCA (Subtitle D of P.L. 112-239) mandates inclusion of the Islamic Republic of Iran Broadcasting (IRIB), the state broadcasting umbrella group, as a human rights abuser—thereby imposing on it Section 105 sanctions.
  - *Sanctions Against Iranian Profiteers.* Section 1249 of IFCA amends Section 105 by imposing sanctions on any person determined to have engaged in corruption or to have diverted or misappropriated humanitarian goods or funds for such goods for the Iranian people. The measure is intended to sanction Iranian profiteers who are, for example, using official connections to corner the market for vital medicines. This provision, which remains in forces, essentially codifies a similar provision of Executive Order 13645.
  - *Separate Visa Bans.* On July 8, 2011, the State Department imposed visa restrictions on 50 Iranian officials for participating in political repression in Iran, but it did not name those banned on the grounds that visa records are confidential. The action was taken under the authorities of Section 212(a)(3)(C) of the Immigration and Nationality Act, which renders inadmissible to the United States a foreign person whose activities could have serious consequences for the United States. On May 30, 2013, the State Department announced it had imposed

- visa restrictions on an additional 60 Iranian officials and other individuals who participated in human rights abuses related to political repression in Iran.<sup>41</sup>
- There are certain exemptions in the case of high level Iranian visits to attend the United Nations. Under the U.N. Participation Act (P.L. 79-264) that provides for U.S. participation in the United Nations and as host nation of U.N. headquarters in New York, visas are routinely issued to heads of state and members of their entourage attending these meetings. In September 2012, the State Department refused visas for 20 members of Iranian President Ahmadinejad’s traveling party on the grounds of past involvement in terrorism or human rights abuses. Still, in line with U.S. obligations under the act, then-President Ahmadinejad was allowed to fly to the United States on Iran Air, even though Iran Air is a U.S.-sanctioned entity, and his plane reportedly was allowed to stay at Andrews Air Force base for the duration of his visit.

## U.N. Sanctions

### *Post-JCPOA Status: Most U.N. Sanctions Lifted*

U.N. sanctions on Iran, which were enacted by the U.N. Security Council under Article 41 of Chapter VII of the U.N. Charter,<sup>42</sup> applied to all U.N. member states. During 2006-2008, three U.N. Security Council resolutions—1737, 1747, and 1803—imposed sanctions on Iran’s nuclear program and weapons of mass destruction (WMD) infrastructure. Resolution 1929, adopted on June 9, 2010, was key for its assertion that the energy, financial, and other sectors of the Iranian economy support Iran’s nuclear program, as well as for imposing strict limitations on Iran’s development of ballistic missiles and importation of major combat systems. Resolution 1929 was interpreted as giving U.N. member states authorization to sanction civilian sectors of Iran’s economy. A summary of the major provisions of these resolutions is contained in the table below, and entities under U.N. sanctions are in **Table 4**.

U.N. Security Council Resolution 2231 of July 20, 2015, endorsed the JCPOA and superseded all prior Iran-related Resolutions as of Implementation Day. The U.N. sanctions that were lifted in accordance with the JCPOA were defined by the P5+1 as “nuclear-related” because the U.N. sanctions were imposed with the expressed purpose of persuading Iran to negotiate limits on its nuclear program.

### *Compliance Status*

The June 20, 2017, report on Iranian compliance with Resolution 2231<sup>43</sup>—the third such report—notes assertions by several U.N. Security Council members, including the United States, that Iranian missile tests have been inconsistent with the Resolution. The report also notes several apparent violations of the Resolution’s restrictions on Iran’s importation and exportation of arms.

<sup>41</sup> <http://www.state.gov/r/pa/prs/ps/2013/05/210102.htm>.

<sup>42</sup> Security Council resolutions that reference Chapter VII of the U.N. Charter represent actions taken with respect to threats to international peace and acts of aggression. Article 41 of that Chapter, in general, provides for enforcement of the resolution in question through economic and diplomatic sanctions, but not through military action.

<sup>43</sup> The report is reprinted in, Iran Watch, at <http://www.iranwatch.org/library/multilateral-organizations/united-nations/un-secretary-general/third-report-secretary-general-implementation-security-council-resolution-2231>.

## *U.N. List of Sanctioned Entities*

Under Paragraph 6(c) of Annex B of Resolution 2231, entities sanctioned by the previous Iran-related Resolutions would continue to be sanctioned for up to eight years from Adoption Day (until October 2023). An attachment to the Annex listed 36 entities for which this restriction would no longer apply (entities “delisted”) as of Implementation Day. Most of the entities dropped from the U.N. sanctions list were persons and institutions connected to the permitted aspects of Iran’s nuclear program and its civilian economy. According to press reports, two entities not on the attachment list, Bank Sepah and Bank Sepah International PLC, also were delisted on Implementation Day by separate Security Council action.<sup>44</sup> Paragraph 6(c) provides for the Security Council to be able to delist a listed entity at any time, as well as to add new entities to the sanctions list. Delisted entities are in italics in the table of U.N.-listed sanctioned entities at the end of the report.

**Table 2. Summary of Provisions of U.N. Resolutions on Iran Nuclear Program (1737, 1747, 1803, 1929, and 2231)**

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Iran required to suspend uranium enrichment, to suspend construction of the heavy-water reactor at Arak, ratify the “Additional Protocol” to Iran’s IAEA Safeguards Agreement. (1737) No longer applicable

Assets frozen of Iranian persons and entities named in annexes to the resolutions, and countries required to ban the travel of named Iranians. (Initial list in Resolution 1737, and additional designations in subsequent resolutions).

Transfer to Iran of nuclear, missile, and dual use items to Iran prohibited, except for use in light-water reactors (1737 and 1747). Resolution 2231 delegates to a Joint Commission the authority to approve Iran’s applications to purchase dual-use items.

Resolution 1747 prohibited Iran from exporting arms. Resolution 2231 requires Iran to obtain Security Council approval to export arms for a maximum of five years.

Prohibits Iran from investing abroad in uranium mining, related nuclear technologies or nuclear capable ballistic missile technology, and prohibits Iran from developing, including testing, nuclear-capable ballistic missiles. (1929) Resolution 2231, “calls on” Iran to refrain from developing or testing ballistic missiles “designed to be capable of carrying a nuclear warhead” for a maximum of eight years from Adoption Day (until October 2023).

Resolution 1929 mandated that countries not export major combat systems to Iran, but does not bar sales of missiles that are not on the U.N. Registry of Conventional Arms. Resolution 2231 makes arms sales to Iran and exportation of arms from Iran subject to approval by the U.N. Security Council, for a maximum of five years from Adoption Day (until October 2020).

Voluntary restraint on transactions with Iranian banks, particularly Bank Melli and Bank Saderat (1929). Not applicable under Resolution 2231.

“Vigilance” (but not a ban) on making international lending to Iran and providing trade credits and other financing (1929). Not applicable under Resolution 2231.

Resolution 1929 calls on countries to inspect cargoes carried by Iran Air Cargo and Islamic Republic of Iran Shipping Lines—or by any ships in national or international waters—if there are indications they carry cargo banned for carriage to Iran. Searches in international waters would require concurrence of the country where the ship is registered. Resolution 2231 requires U.N. member states to continue to enforce all remaining restrictions on shipment of banned items to Iran.

A Sanctions Committee, composed of the 15 members of the Security Council, monitored implementation of all Iran sanctions and collected and disseminated information on Iranian violations and other entities involved in banned activities. A “panel of experts” was empowered by 1929 to assist the U.N. sanctions committee in implementing the resolution and previous Iran resolutions, and to suggest ways of more effective implementation. The panel of experts was not empowered under Resolution 2231 and has ended its operations.

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<sup>44</sup> <http://www.wsj.com/articles/u-s-signed-secret-document-to-lift-u-n-sanctions-on-iranian-banks-1475193723>.



**Source:** Text of U.N. Security Council resolutions 1737, 1747, 1803, 1929, and 2231. <http://www.un.org>.

## Sanctions Relief under Nuclear Deals since 2014

The following sections discuss sanctions relief provided under the November 2013 interim nuclear agreement (JPA) and, particularly, the JCPOA. Later sections discuss the degree to which Iran is receiving the expected benefits of sanctions relief.

### Sanctions Eased by the JPA

U.S. officials said that the JPA provided “limited, temporary, targeted, and reversible” easing of international sanctions. Under the JPA (in effect January 20, 2014-January 16, 2016).<sup>45</sup>

- Iran’s current oil customers were not required reduce their oil purchases from Iran “significantly” from the levels they were when the JPA went into effect. To implement that sanctions easing, the Obama Administration waived Section 1245(d)(1) of the National Defense Authorization Act for FY2012 (P.L. 112-81) and Section 1244c(1) of IFCA (Title XII, subtitle D, of the FY2013 National Defense Authorization Act, P.L. 112-239). The Administration also stated it would not impose sanctions on foreign banks under Executive Orders 13622, 13645, and 13382 and related regulations. Waivers of Section 302(a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (P.L. 112-158) and of Section 5(A)(7) of the Iran Sanctions Act (P.L. 104-172, as amended) were issued to permit transactions with NIOC. The European Union amended its regulations to allow shipping insurers to provide insurance for ships carrying oil from Iran.<sup>46</sup>
- Iran was able to receive directly \$700 million per month in hard currency from oil sales and \$65 million per month to make tuition payments for Iranian students abroad (paid directly to the educational institutions). The waiver of Section 1245(d)(1) of IFCA allowed those transactions.
- Iran was able to sell petrochemicals and trade in gold and other precious metals, and to conduct transactions with foreign firms involved in Iran’s automotive manufacturing sector. In implementing this easing, the Administration suspended application of Executive Orders 13622 and 13645, several provisions of U.S.-Iran trade regulations, and several sections of IFCA.
- The United States licensed some safety-related repairs and inspections for certain Iranian airlines and issued a new “Statement of Licensing Policy” to enable U.S. aircraft manufacturers to sell equipment to Iranian airlines. The application of Executive Order 13382 and certain provisions of U.S. trade regulations with Iran were suspended to allow the supply of equipment to Iran Air.
- The JPA required that the P5+1 “not impose new nuclear-related sanctions ... to the extent permissible within their political systems.”<sup>47</sup>

<sup>45</sup> The Administration sanctions suspensions and waivers are detailed at <http://www.state.gov/p/nea/rls/220049.htm>.

<sup>46</sup> Daniel Fineren, “Iran Nuclear Deal Shipping Insurance Element May Help Oil Sales,” *Reuters*, November 24, 2013.

<sup>47</sup> White House Office of the Press Secretary. “Fact Sheet: First Step Understandings Regarding the Islamic Republic of Iran’s Nuclear Program,” November 23, 2013.

## Sanctions Easing Under the JCPOA

Under the JCPOA, the great bulk of sanctions relief occurred at Implementation Day—the day (January 16, 2016) when the IAEA certified that Iran had completed stipulated core nuclear tasks. The sanctions suspended were mostly those imposed since U.N. Security Council Resolution 1929 of June 2010 and which targeted Iran’s civilian economic sectors. U.S. sanctions targeting foreign firms’ involvement in those sectors were waived or terminated, but sanctions on direct U.S.-Iran trade, with selected exceptions discussed above, were retained. The sanctions eased include<sup>48</sup> (1) energy sanctions, including those that limit Iran’s exportation of oil and sanction foreign sales to Iran of gasoline and energy sector equipment, and which limit foreign investment in Iran’s energy sector; (2) financial sector sanctions; (3) sanctions on Iran’s auto sector and trading in the *rial*; (4) the EU ban on purchases of oil and gas from Iran; and (5) the ban on Iran’s use of the SWIFT electronic payments system that facilitates the movement of funds.

The following sanctions were eased:<sup>49</sup>

- **U.S. Laws Waived and Executive Orders Terminated.** The suspension of U.S. sanctions required issuing waivers of the laws below. The relevant waivers were issued on January 16, 2016, and the Obama Administration renewed all waivers on January 18, 2017, for the maximum time period of waiver allowed under each law.<sup>50</sup> (For example, if one of the laws below allows a 180 day waiver period, the waiver would be applicable for 180 days from January 16, 2017.) The sanctions waived are as follows:
  - the blanket energy/economic-related provisions of the Iran Sanctions Act (ISA, Section 4(c)(1)(A) of P.L. 104-172, as amended), which constitute the overwhelming bulk of ISA’s provisions. The WMD-related provision of ISA was not waived. The existing six-month waiver of ISA was renewed on January 12, 2018, and expires on July 12, 2018.
  - Section 1245(d) of the National Defense Authorization Act for FY2012 (P.L. 112-81) that imposes sanctions on foreign banks of countries that do not reduce Iran oil imports. The latest 120-day waiver was issued by the Trump Administration on January 12, 2018, and will expire on May 12, 2018.
  - Sections 212 and 213 (the economy-related provisions) of Iran Threat Reduction and Syria Human Rights Act (P.L. 112-158) provisions. The human rights-related provisions of the law were not waived. The existing six-month waiver period was renewed on January 12, 2018, and will expire on July 12, 2018.
  - Sections 1244, 1245, 1246, and 1247 of the Iran Freedom and Counter-Proliferation Act (Subtitle D of P.L. 112-239). The latest 180-day waiver period was renewed on January 12, 2018, and expires on July 11, 2018.
  - The core provision of CISADA (P.L. 111-195) that sanctions foreign banks was not waived, but most Iranian banks have been “delisted” under various U.S. Executive Orders (13224 and 13382), thereby reopening many entities

<sup>48</sup> <http://iranmatters.belfercenter.org/blog/translation-iranian-factsheet-nuclear-negotiations>; and author conversations with a wide range of Administration officials, think tank, and other experts, in Washington, DC, 2015.

<sup>49</sup> <http://www.politico.com/story/2015/07/full-text-iran-deal-120080.html>.

<sup>50</sup> Letter to Senate Foreign Relations Committee Chairman Bob Corker from Julia Frifield, Assistant Secretary of State for Legislative Affairs, dated January 18, 2017.

to the international financial system. Banks sanctioned for terrorism funding, including Bank Saderat, Ansar Bank, and Mehr Bank, were not delisted.

- Executive Orders: 13574, 13590, 13622, 13645, and Sections 5-7 and 15 of Executive Order 13628 were revoked outright by Executive Order 13716.<sup>51</sup>
- The United States “delisted” for sanctions the specified Iranian economic entities and personalities listed in Attachment III of the JCPOA, including the National Iranian Oil Company (NIOC), various Iranian banks, and many energy and shipping-related institutions. That step enabled foreign companies/banks to resume transactions with those entities without risking being penalized by the United States. The tables at the end of the report depicts in italics those entities delisted. Entities to be delisted on “Transition Day”(October 2023) are in bold type.
- **Request for Congress to Lift Sanctions Outright.** The JCPOA requires the U.S. Administration, by “Transition Day,” to request that Congress lift virtually all of the sanctions that will be suspended under the JCPOA. No outcome of such a request is mandated. The JCPOA requires all U.N. sanctions to terminate after 10 years of adoption (“Termination Day”).
- **U.N. Sanctions on Arms Sales and Ballistic Missiles to Expire.** One issue that arose during final negotiations on the JCPOA was the suspension of U.N. sanctions on Iran’s development of nuclear-capable ballistic missiles and on Iran’s importation or exportation of conventional weaponry. The JCPOA does not impose any specific requirements on Iran on these issues, but Resolution 2231, which endorsed the JCPOA, “calls on” Iran not to develop ballistic missiles “designed to be capable” of delivering a nuclear weapon for a maximum of eight years from Adoption Day (October 18, 2015). The Resolution bans Iran’s exportation of arms without Security Council approval for a maximum of five years and makes sales of major combat systems to Iran subject to Security Council approval for a maximum of five years.

## U.S. Sanctions that Remain in Place

The JCPOA does not commit the United States to suspend U.S. sanctions on Iran for terrorism or human rights abuses, on foreign arms sales to Iran or sales of proliferation-sensitive technology such as ballistic missile technology, or on U.S.-Iran direct trade (with the selected exceptions of the latter discussed above). The sanctions that were not lifted or waived include the following:

- E.O. 12959, the ban on U.S. trade with and investment in Iran;
- E.O. 13224 sanctioning terrorism entities, any sanctions related to Iran’s designation as a state sponsor or terrorism, and any other terrorism-related sanctions. The JCPOA does not commit the United States to revoke Iran’s placement on the terrorism list;
- E.O. 13382 sanctioning entities for proliferation;
- the Iran-Iraq Arms Non-Proliferation Act;
- the Iran-North Korea-Syria Non-Proliferation Act (INKSNA),<sup>52</sup>

<sup>51</sup> For more information on these Executive Orders and their provisions, see CRS Report RS20871, *Iran Sanctions*, by (name redacted) ; and CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by (name redacted) .

- the section of ISA that sanctions provision to Iran of WMD-and arms related technology to Iran;
- Executive Orders E.O. 13438 on Iran’s interference in Iraq and E.O. 13572 on repression in Syria;
- Executive Orders (E.O. 13606 and 13628) and the provisions of CISADA, ITRSHRA, and IFCA that pertain to human rights or democratic change in Iran;
- sanctions under various executive orders on the IRGC, military, proliferation-related, and human rights- and terrorism-related entities, which were not “delisted” from sanctions;
- Treasury Department regulations barring Iran from access to the U.S. financial system. Foreign banks can pay Iran in dollars out of their existing dollar supply, and the Treasury Department revised its guidance in October 2016 to stress that such transactions are permitted.<sup>53</sup>

### ***Reimposition of Sanctions (“Snap-Back”) Under a U.S. Policy Shift or for Iranian Violations***

Should the Trump Administration decide to abrogate the JCPOA, one potential scenario would be to unilaterally reimpose those sanctions that were lifted. The President could reimpose those executive orders that were revoked, and, as President Trump has threatened to do, terminate the waivers that were issued to implement the JCPOA. Doing so would render foreign firms vulnerable to U.S. penalties were they to enter into transactions with Iran that were again made subject to U.S. sanctions. Because President Trump has withheld certifying Iranian compliance with the JCPOA (in October 2017 and most recently on January 12, 2018) under the Iran Nuclear Agreement Review Act (INARA, P.L. 114-17), Congress might act on legislation, under expedited procedures, reimposing sanctions that were suspended. For more information on these options, see CRS Report R44942, *Options to Cease Implementing the Iran Nuclear Agreement*, by (name redacted), (name redacted), and (name redacted)

Additionally, the JCPOA (paragraph 36 and 37) contains a mechanism for the “snap back” of U.N. sanctions if Iran does not satisfactorily resolve a compliance dispute. According to the JCPOA (and Resolution 2231), the United States (or any veto-wielding member of the U.N. Security Council) would be able to block a U.N. Security Council resolution that would continue the lifting of U.N. sanctions despite Iran’s refusal to resolve the dispute. In that case “... the provisions of the old U.N. Security Council resolutions would be re-imposed, unless the U.N. Security Council decides otherwise.”

A related question is whether the effect of sanctions currently realized could ever be reconstituted if the United States alone reimposed sanctions. The effect of sanctions depended on the substantial degree of international cooperation with the U.S.-led sanctions regime. A wide range of countries depend on energy and other trade with Iran and might be reluctant to resume cooperating with U.S. sanctions unless Iran commits a material breach of its JCPOA commitments. However, many foreign companies might be deterred from transactions with Iran if U.S. sanctions were reimposed, in order not to risk their business prospects in the United States.

(...continued)

<sup>52</sup> The JCPOA does commit the United States to terminate sanctions with respect to some entities designated for sanctions under INKSNA.

<sup>53</sup> [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/jcpoa\\_faqs.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/jcpoa_faqs.pdf).

## International Implementation and Compliance<sup>54</sup>

During 2010-2013, converging international views on Iran produced substantial global cooperation in pressuring Iran with sanctions. Some countries apparently joined the sanctions regime primarily as a means of heading off unwanted military action against Iran by the United States or by Israel. Countries in the region cooperated at least partly in order to preserve their close relationships with the United States. With U.S. secondary sanctions suspended as of Implementation Day, the analysis in this section assesses compliance with those sanctions that remain in force. A comparison between U.S., U.N., and EU sanctions against Iran is contained in **Table 3** below. Broader issues of Iranian foreign policy can be found in CRS Report R44017, *Iran's Foreign and Defense Policies*, by (name redacted) .

Executive Order 13608 of May 1, 2012, gives the Department of the Treasury the ability to identify and sanction (cutting them off from the U.S. market) foreign persons who help Iran (or Syria) evade U.S. and multilateral sanctions. On January 10, 2013, the Department of the Treasury's Office of Foreign Assets Control issued an Advisory to highlight Iran's use of *hawalas* (traditional informal banking and money exchanges) in the Middle East and South Asia region to circumvent financial sanctions. Because the involvement of an Iranian client is often opaque, banks have sometimes inadvertently processed *hawala* transactions involving Iranians.

### Europe

U.S. and European approaches on Iran converged after 2002, the year it was confirmed that Iran was developing a uranium enrichment capability. Previously, European and other countries appeared less concerned than the United States about Iranian policies and were reluctant to sanction Iran. After the passage of Resolution 1929, European Union (EU) sanctions on Iran became nearly as extensive as those of the United States as discussed below.

*Status of EU Sanctions.* Under the JCPOA, virtually all EU sanctions were lifted on Implementation Day. The EU retains an embargo on sales to Iran of arms, missile technology, other proliferation-sensitive items, and gear for internal repression. The bloc also continues to list 84 Iranians and one entity as ineligible to visit EU countries on human rights grounds, and the EU-based assets of these persons and entities are frozen. The EU has lifted bans on oil and gas imports from Iran, which were imposed in July and October 2012, respectively. Collectively, EU countries bought about 600,000 barrels per day of Iranian oil in 2011, about a quarter of Iran's total oil exports. Oil imports from Iran resumed in March 2016, and have reportedly returned to nearly 2011 levels. European firms have also resumed investing in Iran's energy sector, as well as in other sectors such as heavy industry, hospitality (hotels), and auto manufacturing.

In addition, the EU has lifted the following sanctions:

- a ban on insurance for shipping oil or petrochemicals from Iran (as of July 1, 2012).
- a ban on trade with Iran in gold, precious metals, diamonds, and petrochemical products.

<sup>54</sup> Note: CRS has no mandate or capability to “judge” compliance of any country with U.S. or other sanctions against Iran. This section is intended to analyze some major trends in third country cooperation with such sanctions.

- a freeze of the assets of Iran’s Central Bank, although transactions were permitted for approved legitimate trade, and froze the assets of several Iranian firms involved in shipping.
- a ban on transactions between European and all Iranian banks, unless specifically authorized, and banned short-term export credits, guarantees, and insurance, as of October 15, 2012.
- a ban on exports to Iran of graphite, semifinished metals such as aluminum and steel, industrial software, shipbuilding technology, oil storage capabilities, and flagging or classification services for Iranian tankers and cargo vessels.
- *SWIFT Cutoff*. Section 220 of the ITRSHRA required reports on electronic payments systems, such as the Brussels-based SWIFT (Society of Worldwide Interbank Financial Telecommunications), that do business with Iran, but does not mandate sanctions against such systems. Subsequently, the EU requested that SWIFT cut off sanctioned Iranian banks from the network. SWIFT acceded to that request in March 2012 and it denied access to 14 Iranian banks blacklisted by the EU.<sup>55</sup> Some Iranian banks were still able to conduct electronic transactions with the European Central Bank via an electronic payments system called “Target II.” The *SWIFT cutoff was lifted on Implementation Day and Iranian banks resumed accessing the system in February 2016*.
- *Delistings under the JCPOA*. Under EU Council decisions and regulations, the EU imposed sanctions on many Iranian entities over the years. A large proportion of these entities were “delisted” by the EU on Implementation Day and relieved from EU sanctions.

The harmonization of U.S. and European sanctions on Iran after 2010 differs from early periods. During the 1990s, EU countries maintained a policy of “critical dialogue” with Iran, and the EU and Japan refused to join the 1995 U.S. trade and investment ban on Iran. The European dialogue with Iran was suspended in April 1997 in response to a German terrorism trial (Mykonos trial) that found high-level Iranian involvement in killing Iranian dissidents in Germany, but resumed in May 1998 during the presidency of reformist leader Mohammad Khatemi. In the 1990s, European and Japanese creditors rescheduled about \$16 billion in Iranian debt bilaterally, in spite of Paris Club rules that call for multilateral rescheduling. In July 2002, Iran tapped international capital markets for the first time since the Islamic revolution, selling \$500 million in bonds to European banks. During 2002-2005, there were active negotiations between the European Union and Iran on a “Trade and Cooperation Agreement” (TCA) that would have lowered the tariffs or increased quotas for Iranian exports to the EU countries.<sup>56</sup> Negotiations were discontinued in late 2005 after Iran abrogated an agreement with several EU countries to suspend uranium enrichment.

## China and Russia

Russia and China, two permanent members of the U.N. Security Council, historically have imposed only those sanctions required by Security Council resolutions.

<sup>55</sup> Avi Jorish, “Despite Sanctions, Iran’s Money Flow Continues,” *Wall Street Journal*, June 25, 2013.

<sup>56</sup> During the active period of talks, which began in December 2002, there were working groups focused not only on the TCA terms and proliferation issues but also on Iran’s human rights record, Iran’s efforts to derail the Middle East peace process, Iranian-sponsored terrorism, counter-narcotics, refugees, migration issues, and the Iranian opposition PMOI.



## Russia

Increasingly close politically primarily on the issue of the conflict in Syria, Iran and Russia reached a broad trade and energy deal in 2014 that included exchanging Iranian oil (500,000 barrels per day) for Russian goods. Russia is an oil exporter, and the deal apparently would save Russia substantial oil transportation costs. Russia and Iran reaffirmed the deal following the April 2, 2015, framework nuclear accord, and press reports in June 2015 indicated the two countries might implement the arrangement after JCPOA sanctions relief took effect.<sup>57</sup> However, there is no indication this arrangement has been implemented. The two countries reportedly agreed on additional energy development deals during President Putin's visit to Tehran in late October 2017, with an estimated investment value of up to \$30 billion,<sup>58</sup> although the degree of likely implementation remains uncertain.

Also in April 2015, Russia lifted its own ban on delivering the S-300 air defense system that it sold Iran in 2007 but refused to deliver after Resolution 1929 was adopted—even though that Resolution would technically not bar supply of that defensive system. In April 2016, Russia began delivering the five S-300 batteries. Iran's Defense Minister visited Russia in February 2016 to discuss a possible purchase of major combat systems—a sale that would require an unlikely approval of the U.N. Security Council. Alternatively, the two countries might complete the sale without such approval, presumably calculating on limited penalty for doing so. There has been no announcement that such sales have been concluded, to date.

## China

China has been Iran's largest oil customer and was therefore pivotal to U.S. efforts to reduce Iran's revenue from oil sales. During 2012-2013 China cut its buys of oil from Iran to about 435,000 barrels per day from its 2011 average of 550,000 barrels per day. The State Department has asserted that, because China is the largest buyer of Iranian oil, percentage cuts by China had a large impact in reducing Iran's oil sales by volume and China merited a Section 1245 (P.L. 112-81) sanctions exemption. Since sanctions were lifted, China reportedly has resumed buying Iranian oil at or near 2011 levels. Several Chinese energy firms that invested in Iran's energy sector put those projects on hold after 2011, but are reportedly resuming or considering resuming work in earnest, subject to energy market considerations.

During 2012-2016, China settled much of its trade balance with Iran with goods rather than hard currency. Doing so was highly favorable to China financially. Press reports indicated that Iran's automotive sector—the largest industrial sector aside from the energy sector—obtained a significant proportion of its parts from China, and subsidiaries of two China-based companies, Geelran and Chery, produce cars in Iran. Iran's auto production fell about 60% during 2011-2013 because of sanctions, but recovered somewhat after the JPA went into effect.<sup>59</sup> Iran's auto parts imports are increasing now that Iran is able to obtain at least some trade financing. Iran and China also have a separate escrow account to pay for China's infrastructure projects in Iran, such as the long Niayesh Tunnel, funded by about \$20 billion of Iran's hard currency reserves. In January 2016, days after Implementation Day, China's President Xi Jinping visited Iran during a trip to the Middle East region and the two countries agreed to increase trade to \$600 billion yearly over

<sup>57</sup> "Iran Hopes to Begin Russia Oil-for-Goods Exports This Week: Report," *Reuters*, June 7, 2015.

<sup>58</sup> <https://www.yahoo.com/news/putin-visits-tehran-talks-syria-nuclear-deal-133507932.html>.

<sup>59</sup> Nahid Kalbasi. "Have International Sanctions Crippled Iran's Auto Industry?" Washington Institute for Near East Policy, June 3, 2015.

the coming decade, and President Xi indicated that China sees Iran as a vital link in an effort to extend its economic influence westward through its “One Belt, One Road” initiative. Press reports indicate that Chinese firms and entrepreneurs are integrating Iran into this vision by modernizing Iran’s rail and other infrastructure, particularly where that infrastructure connects to that of neighboring countries, and in many cases funded by loans from China.<sup>60</sup>

## Japan/Korean Peninsula

In 2010, in part in deference to their alliances with the United States, Japan and South Korea have imposed sanctions on Iran that are similar to those imposed by the United States and the EU. Both countries cut imports of Iranian oil sharply after 2011 and both were the main sources of the \$700 million per month in direct hard currency payments to Iran for oil as provided for by the JPA. And, banks in the two countries were the repositories of a large part of the approximately \$115 billion in foreign exchange (payments for oil shipments) that Iran held abroad but could not access (until Implementation Day). Since Implementation Day, both countries have increased oil purchases to nearly 2011 levels and Iran is able to access funds in banks in both countries.

South Korean firms have been active in energy infrastructure construction in Iran and it exports to Iran mainly iron, steel, consumer electronics, and appliances. Japan exports to Iran significant amounts of chemical and rubber products, as well as consumer electronics.

## North Korea

North Korea, like Iran, has been subject to significant international sanctions. North Korea has never pledged to abide by international sanctions against Iran, and it reportedly cooperates with Iran on a wide range of WMD-related ventures, particularly the development of ballistic missiles. A portion of the oil that China buys from Iran (and from other suppliers) is reportedly sent to North Korea, but it is not known if North Korea buys any Iranian oil directly. The potential for such an arrangement has increased in the wake of the adoption in September 2017 of U.N. Security Council sanctions that limit North Korea’s importation of oil.

## South Asia: India, Pakistan, and Afghanistan

### India

India implemented U.N.-mandated sanctions against Iran and generally cooperated with multilateral efforts to use sanctions to achieve a nuclear agreement with Iran. During 2010-2016, India’s private sector described Iran as a “controversial market”—a term used by many international firms to describe markets that entail reputational and financial risks. In 2010, India’s central bank ceased using a Tehran-based regional body, the Asian Clearing Union, to handle transactions with Iran. In January 2012, Iran agreed to accept India’s local currency, the rupee, to settle 45% of its oil sales to India, which Iran mostly used to buy Indian wheat, pharmaceuticals, rice, sugar, soybeans, auto parts, and other products. India reduced its imports of Iranian oil substantially after 2011—by the time of the JPA, Iran was only supplying about 6% of India’s oil imports, down from over 16% in 2008. India incurred significant costs to retrofit refineries that were handling Iranian crude. However, since the JCPOA, oil imports apparently have increased to close to 2011 levels. Indian firms ended or slowed work on investments in Iranian oil and gas

<sup>60</sup> Thomas Erdbrink. “China’s Push to Link East and West Puts Iran at ‘Center of Everything.’” *New York Times*, July 25, 2017.

fields, but reportedly are resuming work as of 2016 now that sanctions have been lifted. After international sanctions were lifted, India reportedly paid Iran the \$6.5 billion it owed for oil purchased during 2012-2016.<sup>61</sup>

In 2015, India and Iran agreed that India would help develop Iran's Chahbahar port that would enable India to trade with Afghanistan unimpeded by Pakistan. With sanctions lifted, the project no longer entails risk to Indian firms involved. In May 2016, Indian Prime Minister Narendra Modi visited Iran and signed an agreement to invest \$500 million to develop the port and related infrastructure. Construction at the port is proceeding.

## Pakistan

One test of Pakistan's compliance with sanctions was a pipeline project that would carry Iranian gas to Pakistan—a project that U.S. officials on several occasions stated would be subject to ISA sanctions. Despite that threat, agreement on the \$7 billion project was finalized on June 12, 2010, and construction was formally inaugurated in a ceremony attended by the Presidents of both countries on March 11, 2013. In line with an agreed completion date of mid-2014, Iran reportedly completed the pipeline on its side of the border. China's announcement in April 2015 of a \$3 billion investment in the project seemed to remove financial hurdles to the line's completion, and the JCPOA removed sanctions impediments to the project.<sup>62</sup> However, during President Hassan Rouhani's visit to Pakistan in March 2016, Pakistan still did not commit to complete the line, indicating that Pakistan might be considering alternative gas supply routes. In 2009, India dissociated itself from the project over stated concerns about the security of the pipeline, the location at which the gas would be transferred to India, pricing of the gas, and tariffs.

## Turkey/South Caucasus

Iran has substantial economic relations with Turkey and the countries of the South Caucasus.

### Turkey

Turkey remained a significant buyer of Iranian oil during the period of extensive sanctions and likely has returned to 2011 levels of oil purchases (about 200,000 bpd) now that sanctions have been lifted. Turkey is Iran's main gas customer via a pipeline built in 1997. During the pipeline's construction, the State Department testified that Turkey would be importing gas originating in Turkmenistan, not Iran, under a swap arrangement, and the State Department did not determine that the project was a violation of ISA. Even though direct Iranian gas exports to Turkey through the line began in 2001—with additional such exports through a second pipeline built in 2013—no ISA sanctions were imposed, possibly because the State Department assessed the line as crucial to the energy security of Turkey. Prior to the October 2012 EU decision to bar purchases of Iranian gas, Turkey was the main conduit for Iranian gas exports to Europe (primarily Bulgaria and Greece). Still, Turkey's economic interactions with post-sanctions Iran have been affected by political disputes over Syria and other issues.

Earlier, press reports accused Turkey's Halkbank of settling much of Turkey's payments to Iran for oil or natural gas with shipments to Iran of gold. U.S. officials testified on May 15, 2013, that Turkey is not paying for its gas imports from Iran with gold, but that the gold going from Turkey

<sup>61</sup> "India Seeks to Pay \$6.5 Billion to Iran for Oil Imports." *Economic Times of India*. May 16, 2016.

<sup>62</sup> *Asia Times*, March 21, 2014, [http://www.atimes.com/atimes/South\\_Asia/SOU-02-210314.html](http://www.atimes.com/atimes/South_Asia/SOU-02-210314.html).

to Iran consists mainly of Iranian private citizens' purchases of Turkish gold to hedge against the value of the *rial*. On November 7, 2016, the U.S. Attorney for New York's Southern District indicted several individuals for using money services businesses in Turkey and in the UAE for conspiring to conceal from U.S. banks transactions on behalf of and for the benefit of sanctioned Iranian entities, including Mahan Air.<sup>63</sup> On January 6, 2014, the Commerce Department issued an emergency order blocking a Turkey-based firm (3K Aviation Consulting and Logistics) from reexporting two U.S.-made jet engines to Iran's Pouya Airline.<sup>64</sup> As of 2017, a criminal case is pending involving a dual Turkish-Iranian gold dealer, arrested in the United States in 2016, for allegedly violating U.S. sanctions prohibiting helping Iran deal in precious metals.

### Caucasus: Azerbaijan, Armenia, and Georgia

The Clinton and George W. Bush Administrations used the threat of ISA sanctions to deter oil pipeline routes involving Iran and thereby successfully promoted an alternate route from Azerbaijan (Baku) to Turkey (Ceyhan). The route became operational in 2005. Section 6 of Executive Order 13622 exempts from sanctions any pipelines that bring gas from Azerbaijan to Europe and Turkey.

Iran's relations with Azerbaijan—even though that country is inhabited mostly by Shiite Muslims—are hindered by substantial political and ideological differences. Iran and Azerbaijan have in recent years tried to downplay these differences for joint economic benefit, and they have been discussing joint energy and infrastructure projects among themselves and with other powers, including Russia. Iran and Armenia—Azerbaijan's adversary—have long enjoyed extensive economic relations: Armenia is Iran's largest direct gas customer, after Turkey. In May 2009, Iran and Armenia inaugurated a natural gas pipeline between the two, built by Gazprom of Russia. No determination of ISA sanctions was issued. Armenia has said its banking controls are strong and that Iran is unable to process transactions illicitly through Armenia's banks.<sup>65</sup> However, observers in the South Caucasus assert that Iran is using Armenian banks operating in the Armenia-occupied Nagorno-Karabakh territory to circumvent international financial sanctions.<sup>66</sup>

Some press reports say that Iran might have used another Caucasian state, Georgia, to circumvent sanctions. IRGC companies reportedly established over 100 front companies in Georgia for the purpose of importing dual-use items and to boost Iran's nonoil exports. However, Iran-Georgia economic ties reportedly diminished after mid-2013.

### Persian Gulf States and Iraq<sup>67</sup>

The Persian Gulf countries (Gulf Cooperation Council countries: Saudi Arabia, UAE, Qatar, Kuwait, Bahrain, and Oman) are oil exporters and close allies of the United States. As Iranian oil exports decreased after 2012, the Gulf states supplied the global oil market with additional oil. The Gulf states have also generally sought to prevent the re-exportation to Iran of U.S. technology, and they curtailed banking relationships with Iran. On the other hand, in order not to

<sup>63</sup> <https://www.justice.gov/usao-sdny/pr/manhattan-united-states-attorney-announces-superseding-indictment-charging-turkish-and>.

<sup>64</sup> "US Acts to Block Turkish Firm from Sending GE Engines to Iran," *Reuters*, January 6, 2014.

<sup>65</sup> Louis Charbonneau, "Iran Looks to Armenia to Skirt Banking Sanctions," *Reuters*, August 21, 2012.

<sup>66</sup> Information provided to the author by regional observers. October 2013.

<sup>67</sup> The CRS Report RL32048, *Iran: Politics, Human Rights, and U.S. Policy*, by (name redacted), discusses the relations between Iran and other Middle Eastern states.

antagonize Iran, the Gulf countries maintained relatively normal trade with Iran. Gulf-based shipping companies such as United Arab Shipping Company reportedly continued to pay port loading fees to such sanctioned IRGC-controlled port operators as Tidewater, despite the imposition of sanctions on that company.<sup>68</sup>

The UAE is particularly closely watched by U.S. officials because of the large presence of Iranian firms there. Several UAE-based firms have been sanctioned for efforts to evade sanctions, as noted in the tables at the end of the report. U.S. officials praised the UAE's March 1, 2012, ban on transactions with Iran by Dubai-based Noor Islamic Bank; Iran reportedly used it to process a substantial portion of its oil payments. Some Iranian gas condensates (120,000 barrels per day) were imported by Emirates National Oil Company (ENOC) and refined mostly into jet fuel.

Iran and several of the Gulf states have had discussions on various energy and related projects, but few have materialized, in part because of broad regional disputes between Iran and the Gulf states. Kuwait and Iran have held talks on the construction of a 350-mile pipeline that would bring Iranian gas to Kuwait, but the project does not appear to be materializing. Bahrain's discussions of purchasing Iranian gas have floundered over sharp political differences.<sup>69</sup> Qatar and Iran are sharing the large gas field in the Gulf waters between them, and their economic relations have become closer in light of the isolation of Qatar by three of its GCC neighbors—Saudi Arabia, UAE, and Bahrain—along with Egypt.

The only GCC state that seems to be moving forward with economic joint ventures with Iran is Oman. Iran is a major investor in Oman's accelerating development of its Duqm port, which Iran envisions a major hub for its regional trade. In September 2015, the two countries also recommitted to a gas pipeline joint venture.

## Iraq

Iran has sought to use its close relations with Iraq's Shiite-dominated government to evade some sanctions. As noted above, the United States sanctioned an Iraqi bank that has cooperated with Iran's efforts, but lifted those sanctions when the bank reduced that business. Iraq presented the United States with a significant sanctions-related dilemma in July 2013, when it signed an agreement with Iran to buy 850 million cubic feet per day of natural gas through a joint pipeline that enters Iraq at Diyala province and would supply several power plants. No sanctions were imposed on the arrangement, which was agreed while applicable sanctions were still in effect. In May 2015, Iraq's Al Naser Airlines reportedly helped Mahan Air (sanctioned entity) acquire nine aircraft,<sup>70</sup> and the Department of the Treasury sanctioned it and other entities involved.

Iran is supplying advisers and weapons to help Iraq try to defeat Islamic State forces. The Iranian support to the Iraqi government has not been sanctioned, even though Iranian arms exports remain prohibited by Resolution 2231.

## Syria and Lebanon

Iran has had extensive economic relations with both Syria and Lebanon, where its key regional ally Lebanese Hezbollah is politically powerful. Most experts assess that the degree of

<sup>68</sup> Mark Wallace, "Closing U.S. Ports to Iran-Tainted Shipping. Op-ed," *Wall Street Journal*, March 15, 2013.

<sup>69</sup> [http://www.kuwaittimes.net/read\\_news.php?newsid=NDQOOTY1NTU4](http://www.kuwaittimes.net/read_news.php?newsid=NDQOOTY1NTU4); <http://english.farsnews.com/newstext.php?nn=8901181055>.

<sup>70</sup> Eli Lak, "Iran Sanctions Collapsing Already," *Bloomberg News*, May 11, 2015.

compliance of Syrian or Lebanese banks and other institutions with international sanctions against Iran was limited. Iran has frequently used banks in Lebanon to skirt international financial sanctions, according to a wide range of observers, and these banks are reportedly a conduit for Iran to provide financial assistance to its main regional ally, Lebanese Hezbollah, as well as to the regime of Syrian President Bashar Al Assad. In January 2017, Iran and Syria signed a series of economic agreements giving Iranian firms increased access to Syria's mining, agriculture, and telecommunications sectors, as well as management of a Syrian port.<sup>71</sup>

## Africa and Latin America

During the presidency of Ahmadinejad, Iran looked to several Latin American and African countries to try to circumvent international sanctions. For the most part, however, Iran's trade and other business dealings with these regions were too modest to weaken the effect of international sanctions significantly. Many African countries tended to avoid dealings with Iran, in part to avoid pressure from the United States. South Africa ended its buys of Iranian oil in 2012-2013. Several Venezuelan firms have been sanctioned for dealings with Iran. In 2012, Kenya contracted to buy about 30 million barrels of Iranian oil, but it cancelled the contract the following month after the United States warned that going ahead with the purchase could hurt U.S.-Kenya relations.

## World Bank Loans/WTO Accession Talks

The July 27, 2010, EU measures narrowed substantially the prior differences between the EU and the United States over international lending to Iran. The United States representative to international financial institutions is required to vote against international lending, but that vote, although weighted, is not sufficient to block international lending. No new loans have been approved to Iran since 2005, including several environmental projects under the Bank's "Global Environmental Facility" (GEF). The initiative slated more than \$7.5 million in loans for Iran to dispose of harmful chemicals.<sup>72</sup> However, the lifting of sanctions is likely to increase international support for new international lending to Iran.

Earlier, in 1993, the United States voted its 16.5% share of the World Bank against loans to Iran of \$460 million for electricity, health, and irrigation projects, but the loans were approved. To block that lending, the FY1994-FY1996 foreign aid appropriations (P.L. 103-87, P.L. 103-306, and P.L. 104-107) cut the amount appropriated for the U.S. contribution to the bank by the amount of those loans. The legislation contributed to a temporary halt in new bank lending to Iran.

During 1999-2005, Iran's moderating image had led the World Bank to consider new loans over U.S. opposition. In May 2000, the United States' allies outvoted the United States to approve \$232 million in loans for health and sewage projects. During April 2003-May 2005, a total of \$725 million in loans were approved for environmental management, housing reform, water and sanitation projects, and land management projects, in addition to \$400 million in loans for earthquake relief.

<sup>71</sup> Iran Signs Phone, Gas Deals with Syria. Agence France Presse, January 17, 2017.

<sup>72</sup> Barbara Slavin, "Obama Administration Holds Up Environmental Grants to Iran," *Al Monitor*, June 23, 2014.



## WTO Accession

An issue related to sanctions is Iran’s request to join the World Trade Organization (WTO). Iran began accession talks in 2006 after the George W. Bush Administration dropped its objection to Iran’s application as part of an effort to incentivize Iran to reach an interim nuclear agreement. The lifting of sanctions presumably paves the way for talks to accelerate, but the accession process generally takes many years. Accession generally takes place by consensus of existing WTO members. Iran’s accession might be complicated by the requirement that existing members trade with other members; as noted above, the U.S. ban on trade with Iran remains in force. The Trump Administration does not advocate Iran’s being admitted to that convention.

**Table 3. Comparison Between U.S., U.N., and EU and Allied Country Sanctions (Prior to Implementation Day)**

U.S. Sanctions	U.N. Sanctions	EU and Other Allied Countries
<p><b>General Observation:</b> Most sweeping sanctions on Iran of virtually any country in the world</p>	<p>As of 2010, U.N. sanctions were intended to give countries justification to cooperate with U.S. secondary sanctions.</p> <p>Post-JCPOA: Resolution 2231 is the only operative Resolution on Iran.</p>	<p>EU closely aligned its sanctions tightening with that of the United States. Most EU sanctions lifted in accordance with the JCPOA, although some sanctions on arms, dual-use items, and human rights remain.</p> <p>Japan, South Korean, and China sanctions also became extensive but were almost entirely lifted in concert with the JCPOA.</p>
<p><b>Ban on U.S. Trade with, Investment in, and Financing for Iran:</b> Executive Order 12959 bans (with limited exceptions) U.S. firms from exporting to Iran, importing from Iran, or investing in Iran.</p>	<p>U.N. sanctions did not at any time ban civilian trade with Iran or general civilian sector investment in Iran.</p>	<p>No comprehensive EU ban on trade in civilian goods with Iran was imposed at any time.</p> <p>Japan and South Korea did not ban normal civilian trade with Iran.</p>
<p><b>Sanctions on Foreign Firms that Do Business with Iran’s Energy Sector:</b> The Iran Sanctions Act, P.L. 104-172, and subsequent laws and executive orders, discussed throughout the report, mandate sanctions on virtually any type of transaction with/in Iran’s energy sector.</p>	<p>No U.N. equivalent existed. However, Resolution 1929 “not[es] the potential connection between Iran’s revenues derived from its energy sector and the funding of Iran’s proliferation-sensitive nuclear activities.” This wording was interpreted as providing U.N. support for countries to ban their companies from dealing with Iran’s energy sector.</p>	<p>With certain exceptions, the EU banned almost all dealings with Iran’s energy sector after 2011. These sanctions now lifted.</p> <p>Japanese and South Korean measures banned new energy projects in Iran and called for restraint on ongoing projects. South Korea in December 2011 cautioned its firms not to sell energy or petrochemical equipment to Iran. Both cut oil purchases from Iran sharply. These sanctions now lifted.</p>

U.S. Sanctions	U.N. Sanctions	EU and Other Allied Countries
<p><b>Ban on Foreign Assistance:</b> U.S. foreign assistance to Iran—other than purely humanitarian aid—is banned under §620A of the Foreign Assistance Act, which bans U.S. assistance to countries on the U.S. list of “state sponsors of terrorism.” Iran is also routinely denied direct U.S. foreign aid under the annual foreign operations appropriations acts (most recently in §7007 of division H of P.L. 111-8).</p>	<p>No U.N. equivalent</p>	<p>EU measures of July 27, 2010, banned grants, aid, and concessional loans to Iran. Also prohibited financing of enterprises involved in Iran’s energy sector. These sanctions now lifted.</p> <p>Japan and South Korea measures did not specifically ban aid or lending to Iran.</p>
<p><b>Ban on Arms Exports to Iran:</b> Iran is ineligible for U.S. arms exports under several laws, as discussed in the report.</p>	<p>As per Resolution 1929 (paragraph 8), as superseded by Resolution 2231, Security Council approval is required to sell Iran major weapons systems.</p>	<p>EU sanctions include a comprehensive ban on sale to Iran of all types of military equipment, not just major combat systems. Arms embargo remains post-JCPOA.</p> <p>No similar Japan and South Korean measures announced, but neither has exported arms to Iran.</p>
<p><b>Restriction on Exports to Iran of “Dual Use Items”:</b> Primarily under §6(j) of the Export Administration Act (P.L. 96-72) and §38 of the Arms Export Control Act, there is a denial of license applications to sell Iran goods that could have military applications.</p>	<p>U.N. resolutions on Iran banned the export of many dual-use items to Iran. Resolution 2231 sets up a procurement network for the P5+1 to approve of all purchases for Iran’s ongoing nuclear program.</p>	<p>EU banned the sales of dual use items to Iran, including ballistic missile technology, in line with U.N. resolutions. These restrictions generally remain post-JCPOA.</p> <p>Japan and S. Korea have announced full adherence to strict export control regimes when evaluating sales to Iran. These restrictions generally remain post-JCPOA.</p>
<p><b>Sanctions Against Lending to Iran:</b> Under §1621 of the International Financial Institutions Act (P.L. 95-118), U.S. representatives to international financial institutions, such as the World Bank, are required to vote against loans to Iran by those institutions.</p>	<p>Resolution 1747 (oper. paragraph 7) requested, but did not mandate, that countries and international financial institutions refrain from making grants or loans to Iran, except for development and humanitarian purposes. (No longer applicable.)</p>	<p>The July 27, 2010, measures prohibited EU members from providing grants, aid, and concessional loans to Iran, including through international financial institutions. Sanctions lifted post-JCPOA.</p> <p>Japan and South Korea banned medium- and long-term trade financing and financing guarantees. Short-term credit was still allowed. These sanctions now lifted.</p>
<p><b>Sanctions Against the Sale of Weapons of Mass Destruction-Related Technology to Iran:</b> Several laws and regulations provide for sanctions against entities, Iranian or otherwise, that are determined to be involved in or supplying Iran’s WMD programs (asset freezing, ban on transaction with the entity).</p>	<p>Resolution 1737 (oper. paragraph 12) imposed a worldwide freeze on the assets and property of Iranian WMD-related entities named in an Annex to the Resolution. Each subsequent resolution expanded the list of Iranian entities subject to these sanctions.</p>	<p>The EU measures imposed July 27, 2010, commit the EU to freezing the assets of WMD-related entities named in the U.N. resolutions, as well as numerous other named Iranian entities. Most of these restrictions remain.</p> <p>Japan and South Korea froze assets of U.N.-sanctioned entities. Most of these restrictions have been lifted.</p>

U.S. Sanctions	U.N. Sanctions	EU and Other Allied Countries
<p><b>Ban on Transactions with Terrorism Supporting Entities:</b> Executive Order 13224 bans transactions with entities determined by the Administration to be supporting international terrorism. Numerous entities, including some of Iranian origin, have been designated.</p>	<p>No direct equivalent, but Resolution 1747 (oper. paragraph 5) bans Iran from exporting any arms. Resolution 2231 continues that restriction for a maximum of five years.</p>	<p>No direct equivalent, but many of the Iranian entities named as blocked by the EU, Japan, and South Korea overlap or complement Iranian entities named as terrorism supporting by the United States. Japan and S. Korea did not impose specific terrorism sanctions on Iran.</p>
<p><b>Human Rights Sanctions:</b> CISADA provides for a prohibition on travel to the U.S., blocking of U.S.-based property, and ban on transactions with Iranians determined to be involved in serious human rights abuses against Iranians since the June 12, 2009, presidential election there, or with persons selling Iran equipment to commit such abuses.</p>	<p>No U.N. sanctions were imposed on Iran for terrorism or human rights abuses.</p>	<p>EU sanctions include 87 named Iranians subject to a ban on travel to the EU countries. The EU also retains a ban on providing equipment that can be used for internal repression. Japan and South Korea have announced bans on named Iranians involved in WMD programs.</p>
<p><b>Restrictions on Iranian Shipping:</b> Under Executive Order 13382, the U.S. Department of the Treasury has named Islamic Republic of Iran Shipping Lines and several affiliated entities as entities whose U.S.-based property is to be frozen.</p>	<p>Resolution 1803 and 1929 authorize countries to inspect cargoes carried by Iran Air and Islamic Republic of Iran Shipping Lines (IRISL)—or any ships in national or international waters—if there is an indication that the shipments include goods whose export to Iran is banned. These resolutions no longer apply.</p>	<p>The EU measures announced July 27, 2010, bans Iran Air Cargo from access to EU airports. The measures also freeze the EU-based assets of IRISL and its affiliates. Insurance and reinsurance for Iranian firms is banned. These sanctions now lifted. Japan and South Korean measures took similar action against IRISL and Iran Air. Sanctions now lifted.</p>
<p><b>Banking Sanctions:</b> During 2006-2011, several Iranian banks have been named as proliferation or terrorism supporting entities under Executive Orders 13382 and 13224, respectively (see <b>Table 4</b> at end of report). CISADA prohibits banking relationships with U.S. banks for any foreign bank that conducts transactions with Iran's Revolutionary Guard or with Iranian entities sanctioned under the various U.N. resolutions. FY2012 Defense Authorization (P.L. 112-81) prevents U.S. accounts with foreign banks that process transactions with Iran's Central Bank (with specified exemptions).</p>	<p>No direct equivalent However, two Iranian banks were named as sanctioned entities under the U.N. Security Council resolutions. U.N. restrictions on Iranian banking now lifted.</p>	<p>The EU froze Iran Central Bank assets January 23, 2012, and banned all transactions with Iranian banks unless authorized on October 15, 2012. Brussels-based SWIFT expelled sanctioned Iranian banks from the electronic payment transfer system. This restriction has been lifted. Japan and South Korea took similar measures South Korea imposed the 40,000 Euro threshold requiring authorization. Japan and S. Korea froze the assets of 15 Iranian banks; South Korea targeted Bank Mellat for freeze. These sanctions now lifted.</p>

U.S. Sanctions	U.N. Sanctions	EU and Other Allied Countries
<b>Ballistic Missiles:</b> U.S. proliferations laws provide for sanctions against foreign entities that help Iran with its nuclear and ballistic missile programs.	Resolution 1929 (paragraph 9) prohibited Iran from undertaking “any activity” related to ballistic missiles capable of delivering a nuclear weapon. Resolution 2231 calls on Iran not to develop or launch ballistic missiles designed to be capable of carrying a nuclear weapon.	EU measures on July 27, 2010, required adherence to this provision of Resolution 1929. EU has retained ban on providing ballistic missile technology to Iran in post-JCPOA period.

## Private-Sector Cooperation

Worldwide sanctions on Iran during 2010-2016 caused Iran to be viewed by many worldwide corporations as a “controversial market”—one that carries political and reputational risks. Many non-U.S. companies ended their business in Iran after 2010, but most of them have resumed transactions with Iran post-JCPOA. Companies that exited the Iran market during that time period include examples such as the following:

- **Industrial Conglomerates:** ABB of Switzerland, a major plant and equipment firm; Siemens of Germany; Finmeccanica, a defense and transportation conglomerate of Italy; Thyssen-Krupp, a German steelmaker; and Indian conglomerate Tata.
- **Automakers:** Even though selling finished cars to Iran (except by U.S. automakers) was not at any time subject to sanctions: Germany’s Daimler (Mercedes-Benz) and Porsche; Toyota (Japan); Fiat (Italy); and South Korea’s Hyundai and Kia Motors.
- **Large Banks:** BNP Paribas of France.
- In June 2011, the Danish shipping giant Maersk ceased operating out of Iran’s three largest ports—decision based on the U.S. announcement on June 23, 2011, of sanctions on port operator Tidewater Middle East Co. under E.O. 13382.
- **Oil Services Firms:** As of mid-2010, almost all energy sector-related sales to Iran became subject to sanctions and subsidiaries of U.S. energy equipment and energy-related shipping firms that were in the Iranian market exited. Schlumberger, incorporated in the Netherlands Antilles, exited the Iran market before such sanctions went into effect.<sup>73</sup>

### *Foreign Subsidiaries of U.S. Firms That Exited the Iran Market*

Many foreign subsidiaries of U.S. firms exited the Iran market before any of their business activities with Iran became subject to sanctions. The JCPOA commits the United States to licensing commerce with Iran by subsidiaries of U.S. companies, in cases where the ownership structure of the subsidiary might require a U.S. license to engage in Iran-related business. Subsidiaries that exited the Iran market during or prior the imposition of applicable sanctions include the following examples:

- **Chemical manufacturers:** Huntsman halted sales to Iran in January 2010.

<sup>73</sup> Farah Stockman, “Oil Firm Says It Will Withdraw From Iran,” *Boston Globe*, November 12, 2010.

- **Energy Services:** In January 2005, Iran contracted with U.S. company Halliburton and an Iranian company, Oriental Kish, to drill for gas in Phases 9 and 10 of South Pars. Halliburton reportedly had been providing \$30 million to \$35 million worth of services per year through Oriental Kish.<sup>74</sup> In April 2007, Halliburton announced that its subsidiaries were no longer operating in Iran. Similar firms that exited included Smith International; Flowserve; FMC Technologies; and Weatherford<sup>75</sup> in 2008. However, in November 2013, Weatherford was fined by the Department of the Treasury for violating sanctions against Iran and other countries.
- **Industrial Firms:** General Electric (GE). However, GE subsidiary sales of medical diagnostic products such as MRI machines, marketed through Italian, Canadian, and French subsidiaries, were generally allowed. In March 1, 2010, Caterpillar Corp. and Ingersoll Rand altered their policies to prevent foreign subsidiaries from selling equipment to independent dealers that were reselling their equipment to Iran.<sup>76</sup>
- **Accounting Firms:** KPMG of the Netherlands, and local affiliates of U.S. firms PricewaterhouseCoopers and Ernst and Young.<sup>77</sup>

## Effects of Sanctions and Sanctions Relief

The following sections examine the effectiveness of sanctions on a variety of criteria and goals, and the effects of post-JCPOA sanctions relief. Some of Iran's complaints about remaining sanctions and its failing to receive all the expected benefits of the JCPOA are discussed.

### Effect on Iran's Nuclear Program and Strategic Capabilities

Iran's acceptance of the JCPOA is widely assessed as evidence that sanctions shifted Iran's nuclear policies. Hassan Rouhani was elected president of Iran in June 2013 in part because of his stated commitment to achieving an easing of sanctions and ending Iran's international isolation, even if doing so meant agreeing to curbs on Iran's nuclear program. Still, in public statements and documents, the intelligence community assesses that it "does not know" whether Iran plans to eventually develop a nuclear weapon.<sup>78</sup>

There is little evidence that sanctions slowed Iran's nuclear program or other WMD and delivery programs. Iran continued to expand its nuclear program during the 2010-2016 period of extensive multilateral sanctions. Even though U.S. and EU sanctions remain on Iran's missile programs, U.S. intelligence officials have testified that Iran continues to expand the scale, reach, and sophistication of its ballistic missile arsenal. The U.N. Secretary General report on implementation of Resolution 2231, released on June 20, 2017 (cited earlier), says that there have been no reports of banned nuclear-related items being sent to Iran, but the report notes assertions

<sup>74</sup> "Iran Says Halliburton Won Drilling Contract," *Washington Times*, January 11, 2005.

<sup>75</sup> Form 10-K for fiscal year ended December 31, 2008, claims firm directed its subsidiaries to cease new business in Iran and Cuba, Syria, and Sudan as of September 2007.

<sup>76</sup> "Caterpillar Says Tightens 'No-Iran' Business Policy," *Reuters*, March 1, 2010; Ron Nixon, "2 Corporations Say Business With Tehran Will Be Curbed," *New York Times*, March 11, 2010.

<sup>77</sup> Peter Baker, "U.S. and Foreign Companies Feeling Pressure to Sever Ties With Iran," *New York Times*, April 24, 2010.

<sup>78</sup> "Worldwide Threat Assessment" of the intelligence community as testified before Congress. May 11, 2017.

by the United States and Israel that Iran has received missile equipment and help from North Korea and other sources, in possible contravention of Resolution 2231. Still, some argue that Iran's programs might have advanced faster in the absence of sanctions.<sup>79</sup>

Sanctions have prevented Iran from buying significant amounts of major combat systems since the early 1990s. Iran has been able to acquire defensive systems; Russia's delivered the S-300 air defense system in April 2016. However, Iran's indigenous arms industry has grown over the past two decades. Iran also might have acquired some systems, such as small ships and mini-submarines, from foreign suppliers such as North Korea that do not abide by U.N. restrictions.<sup>80</sup> U.S. intelligence directors testified in May 2017 that Iran is fielding increasingly lethal weapons systems, including more advanced naval mines and ballistic missiles, small but capable submarines, armed UAVs (unmanned aerial vehicles), coastal defense cruise missile batteries, attack craft, and anti-ship ballistic missiles.<sup>81</sup> Iran's combat power might increase if Russia and Iran move forward with the sale to Iran of Su-30 combat aircraft and T-90 tanks even though such a sale might violate Resolution 2231.

## Effects on Iran's Regional Influence

Another question is the extent to which Iran's regional activities are affected by imposition or the easing of sanctions. Iran's regional influence has increased since early 2016, as discussed in depth in CRS Report R44017, *Iran's Foreign and Defense Policies*, by (name redacted). However, it is difficult to discern precisely how sanctions relief might have contributed to that trend, versus many other factors. Iran reportedly did use most of the \$1.7 billion in U.S. funds that settled the Shah-era FMS case to augment its 2017 defense budget, although it is not clear how much, if any, of these funds might have contributed to Iran's regional activities versus other programs. Sanctions against Iran's exportation of weaponry apparently has not prevented Iran from supplying arms, including missiles, to its regional allies, such as the Assad regime in Syria, the Houthi rebels in Yemen, Lebanese Hezbollah, or Shiite militia groups in Iraq. Iran apparently is able to manufacture domestically the weaponry it supplies to such entities, and sanctions do not appear to be an effective tool to limit such Iranian efforts.

In terms of congressional oversight, a provision of the FY2016 Consolidated Appropriation (P.L. 114-113) requires an Administration report to Congress on how Iran has used the financial benefits of sanctions relief. And, a provision of the Iran Nuclear Agreement Review Act (P.L. 114-17) requires that a semiannual report on Iran's compliance with the JCPOA include information on any Iranian use of funds to support acts of terrorism.

## Political Effects

No U.S. Administration has stated that sanctions on Iran were intended to bring about the change of Iran's regime, although some experts asserted that that outcome should have been the goal of the sanctions. Yet, sanctions—and sanctions relief—appear to have produced some political effects in Iran. The support of Iranians seeking reintegration with the international community and sanctions relief helped propel Rouhani—the most moderate of the candidates permitted to run—to a first round victory in the June 2013 presidential election, and to re-election in May 2017. Many Iranians cheered the finalization of the JCPOA in July 15, 2015, undoubtedly

<sup>79</sup> Speech by National Security Adviser Tom Donilon at the Brookings Institution, November 22, 2011.

<sup>80</sup> Department of Defense, *Annual Report of Military Power of Iran*, April 2012.

<sup>81</sup> Worldwide Threat Assessment, May 11, 2017, op.cit.



contributing to Supreme Leader Khamene'i's acceptance of the deal. Still, the IRGC and other hardliners control domestic security and the judiciary, and these factions have criticized Rouhani's compromises and continued to arrest U.S. and dual nationals and to prosecute some allies of Rouhani for corruption and other charges.

Some assert that the sanctions relief of the JCPOA played a role in the widespread unrest that erupted in Iran in late December 2017-January 2018. Sanctions relief, by some accounts, fed public expectations of economic conditions that exceed what they have experienced thus far. The dashed hopes might have contributed to the unrest, according to this view. Others note that the unrest illustrates that sanctions relief of the JCPOA did not yield the domestic stability that Iran's regime perhaps expected to achieve from the nuclear accord.

## Human Rights-Related Effects

It is difficult to draw any direct relationship between sanctions and Iran's human rights practices in general. Recent human rights reports by the State Department and the U.N. Special Rapporteur on Iran's human rights practices generally assess that there has been some modest improvement in some of Iran's practices in recent years, particularly relaxation of enforcement of the public dress code for women. However, the altered policies cannot necessarily be attributed to sanctions relief. And, as shown in the government response to the December 2017-January 2018 unrest, sanctions have apparently not reduced the regime's ability to monitor and censor use of the Internet.

Several foreign firms stopped selling the Iranian government such equipment. They include German telecommunications firm Siemens, Chinese Internet infrastructure firm Huawei, and South African firm MTN Group. In October 2012, Eutelsat, a significant provider of satellite service to Iran's state broadcasting establishment, ended that relationship after the EU sanctioned the then head of the Islamic Republic of Iran Broadcasting (IRIB), Ezzatollah Zarghami.

## Economic Effects

Sanctions took a substantial toll on Iran's economy and early indications are that Iran's economy has begun to rebound, although perhaps not to the extent that Iran's leaders and public expected.

- **Post-JCPOA GDP Growth.** Then-Treasury Secretary Jacob Lew told a Washington, DC, think tank on April 29, 2015, that Iran's GDP shrank by 9% in the two years ending in March 2014, and was 15%-20% smaller than it would have been had post-2010 sanctions not been imposed.<sup>82</sup> The unemployment rate rose to about 20% by 2014, according to a wide range of outside sources, and many others went unpaid for long periods or were only partially paid. In 2015, Iran's GDP was \$400 billion at the official exchange rate, and \$1.4 trillion if assessed on a purchasing power parity (PPP) basis. The JPA sanctions relief slowed the deterioration. IMF and outside economists report that Iran achieved about 7% growth during March 2016-March 2017,<sup>83</sup> and a similar 7% growth rate likely was achieved for the March 2017-March 2018 period. Some estimates show growth likely moderating to about 4% during March 2018-March 2019.

<sup>82</sup> Department of the Treasury. Remarks of Secretary Jacob J. Lew at the Washington Institute for Near East Policy 30<sup>th</sup> Anniversary Gala. April 29, 2015.

<sup>83</sup> "Foreign Investors Flock to Iran as U.S. Firms Watch on the Sidelines." *Wall Street Journal*, March 27, 2017.

- New investments by a variety of European and other companies, in a broad range of sectors, have been announced since sanctions were lifted. However, investors that are returning to Iran are reportedly reaching agreements with state-backed conglomerates, potentially crowding out opportunity for the private sector and emerging entrepreneurs to benefit from sanctions relief. See CRS Insight IN10597, *Iran's State-Linked Conglomerates*, by (name redacted) .
- ***Oil Exports and Availability for Export.*** As noted in **Table 1**, sanctions drove Iran's crude oil sales down about 60% from the 2.5 mbd of sales in 2011. According to the comments by Treasury Secretary Lew, cited above, U.S. sanctions cost Iran over \$160 billion in oil revenues since 2012. Iran earned \$120 billion from oil sales in 2011; about \$35 billion in 2013; and, because of the fall in prices, even less in 2014 and 2015. The JPA capped Iran's crude oil exports at about 1.1 mbd.<sup>84</sup> Since Implementation Day, Iran has been able to export oil freely again and export volumes have returned to nearly 2011 levels. Still, the fall in prices means that Iran earned about \$50 billion from oil sales in 2016—not even half what it earned in 2011.<sup>85</sup> Iran's oil production also has returned to nearly the 4 mbd level of production in 2011<sup>86</sup> from the 2.6-2.8 mbd production level from 2012-2016. Iran, needing to boost economic growth and revenues now that sanctions are lifted, has been exempted from an attempt by OPEC to increase oil prices by imposing production cuts on most of the cartel's members.
- ***Banking/Access to U.S. Dollars.***<sup>87</sup> EU and other major global banks have been slow to reenter the Iran market because of (1) reported concerns that the United States might still sanction such transactions under remaining sanctions provisions; (2) a lack of transparency in Iran's financial sector and its deficiencies in AML/CFT; (3) lingering concerns over past financial penalties paid when processing Iran-related transactions in the U.S. financial system (see above); and (4) extra costs and procedures caused by the inability to process Iran-related transactions through the U.S. financial system and/or use dollars. Iranian officials assert that the JCPOA (Paragraph 24) obligates the United States to remove any restrictions that prevent Iran from obtaining the full benefits of sanctions relief. Then-Treasury Secretary Lew in March and April 2016 suggested the Obama Administration was considering licensing transactions by foreign (non-Iranian) clearinghouses to acquire dollars that might facilitate transactions with Iran, without providing Iran with dollars directly.<sup>88</sup> However, doing so is not required by the JCPOA and the Administration did not do so before it left office in January 2017. Instead, the Obama Administration met with European and other officials and banking institutions to encourage their reentry into the Iran market without fear of being sanctioned. Iran's filing of its Action Plan with the FATF (discussed above) further eased bank hesitation to reenter Iran. As noted above, in October 2016 the Treasury Department updated its

<sup>84</sup> "Why Higher Iran Oil Exports Are Not Roiling Nuclear Deal," *Reuters*, June 13, 2014.

<sup>85</sup> "A Year After Iran Deal, Oil Flows but the Money's Stuck." *Bloomberg News*, July 25, 2016.

<sup>86</sup> Rick Gladstone, "Data on Iran Dims Outlook for Economy," *New York Times*, October 13, 2012.

<sup>87</sup> For more information, see CRS Insight IN10547, *Iran Financial Sanctions Issues*, by (name redacted) and (name redacted) .

<sup>88</sup> See Katherine Bauer. "Potential U.S. Clarification of Financial Sanctions Regulations." April 5, 2016. <http://www.washingtoninstitute.org/policy-analysis/view/potential-u.s.-clarification-of-financial-sanctions-regulations>.

guidance to make clear that foreign financial institutions can use their own supply of dollars to conduct transactions with Iran. Still, reports persist that large EU-based banks remain reluctant to handle Iran transactions, and the Trump Administration has not indicated an inclination to alter regulations to allow Iranian access to the U.S. financial system or greater access to dollars.

- **Shipping Insurance.** Iran is able to obtain shipping insurance as a result of waivers given to numerous insurers, as discussed above.
- **Hard Currency Accessibility.** Not only did Iran’s oil exports plummet from 2011 to 2014, but Iran could not access the hard currency it was being paid for its oil. By the time sanctions were lifted in January 2016, the total of Iranian hard currency reserves held in foreign banks stood at about \$115 billion,<sup>89</sup> and Iranian officials stated in February 2016 that they have gained access to the funds. Iran has regained access to the SWIFT electronic payments system, enabling Iran to move money internationally. Of this amount, about \$60 billion is owed to creditors such as China (\$20 billion) or to repay nonperforming loans extended to Iranian energy companies working in the Caspian and other areas in Iran’s immediate neighborhood. And, Iran needs to—and says it is—keeping most of its available reserves abroad for cash management purposes and to pay for imports.
- **Currency Decline.** Sanctions caused the value of the rial on unofficial markets to decline about 56% from January 2012 until January 2014. The unofficial rate stabilized after the JPA began implementation at about 35,000 to the dollar and recovered further after sanctions were lifted. Since 2011, the government has frequently adjusted the official rate to one that is close to the unofficial rate.
- **Inflation.** The drop in value of the currency caused inflation to accelerate during 2011-2013. The estimated actual inflation rate was between 50% and 70% (a higher figure than that acknowledged by Iran’s Central Bank). The sanctions relief of the JPA reduced the inflation rate to about 15% and inflation slowed to the single digits by June 2016, meeting the Central Bank’s stated goal.<sup>90</sup> However, in 2017, the inflation rate reportedly increased. The rate has remained at roughly this lower level since.
- **Industrial/Auto Production and Sales.** Iran’s light-medium manufacturing sector is expanding, but it is dependent on imported parts. The decline of the *rial* and financial sanctions complicated obtaining trade credit and created difficulties for Iranian manufacturers, who had to prepay for imported parts often through circuitous mechanisms. This difficulty was acute in the automotive sector and Iran’s production of automobiles fell by about 60% from 2011 to 2013. Press reports say that the auto sector, and manufacturing overall, has rebounded since sanctions were lifted: Peugeot has increased investment in Iran’s auto sector by \$400 million since sanctions were lifted and Scania of Sweden has established a factory in Iran to supply the country with 1,350 buses. In October 2016, another French automaker, Citroen, agreed to a \$300 million deal with Iran’s SAIPA to produce cars in Iran starting in 2018. German industrial giant Siemens signed an agreement in March 2016 with Iranian firm Mapna to transfer technology to produce gas turbines in Iran. In August 2017, French car maker Renault

<sup>89</sup> CRS conversation with Department of the Treasury officials. July 2015.

<sup>90</sup> “A Year After Iran Deal, Oil Flows but the Money’s Stuck.” op.cit.

- announced it would build a plant in Iran capable of producing 150,000 cars per year.
- **U.S.-Iran Trade.** U.S.-Iran trade remains negligible. In 2015, the last full year before JCPOA implementation, the United States sold \$281 million in goods to Iran and imported \$10 million worth of Iranian products. The slight relaxation of the U.S. import ban stemming from the JCPOA likely accounts for the significant increase in imports from Iran in 2016 to \$86 million. However, U.S. exports to Iran remained low in 2016 (only \$172 million).

## Iran's Economic Coping Strategies

Iran had some success mitigating the economic effect of sanctions, steps that also benefit Iran in the post-sanctions period.

*Promoting Non-oil Exports.* Iran has promoted sales of nonoil products such as minerals, cement, urea fertilizer, and other agricultural and basic industrial goods. Non-oil exports now generate about two-thirds of the revenue required to fund Iran's imports of goods and services, reducing the proportion of funds that oil exports contribute to Iran's government revenues to about 22%.<sup>91</sup>

*Oil Products/Condensate Sales.* Iran increased sales of oil products such as petrochemicals and condensates. During 2011-2016, it exported the equivalent of about 200,000 barrels per day of crude oil in the form of condensates,<sup>92</sup> producing about \$4.7 billion in revenue from that source.<sup>93</sup> As of January 2017, Iran reportedly is sending increased quantities of condensate to such buyers as those in Japan, who use the product to make fuels and plastics. Condensates are not generally included in figures for Iran's export of crude oil.

*Reallocation of Investment Funds and Import Substitution.* Sanctions compelled some Iranian manufacturers to increase domestic production of some goods as substitutes for imports. This trend was hailed by Iranian economists and Supreme Leader Khamene'i, who has long maintained that Iran should build a "resistance economy" less dependent on imports and foreign investment. In addition, some private funds flowed into the Tehran stock exchange and hard assets, such as property, although this trend generally benefitted only urban elites.

*Partial Privatization/IRGC in the Economy.* Over the past few years, portions of Iran's state-owned enterprises have been transferred to the control of quasi-governmental or partially private entities. Some of them are incorporated as holding companies, foundations, or investment groups. Based on data from the Iranian Privatization Organization, there are about 120 such entities that account for a significant proportion of Iran's GDP.<sup>94</sup> On the other hand, as noted above, a substantial part of the economy remains controlled by government-linked conglomerates.

*Subsidy Reductions.* In 2007, the Ahmadinejad government began trying to wean the population off of generous subsidies by compensating families with cash payments of about \$40 per month. Gasoline prices were raised to levels similar to those in other regional countries, and far above the subsidized price of 40 cents per gallon. However, in 2012 Ahmadinejad halted the subsidy phase-out effort. Rouhani has continued to reduce subsidies, including by raising gasoline and staple food prices further and limiting the cash payments to only those families who could claim

<sup>91</sup> Testimony of Patrick Clawson before the Senate Banking Committee. January 21, 2015.

<sup>92</sup> Clifford Krauss, "With Gas Byproduct, Iran Sidesteps Sanctions," *New York Times*, August 13, 2014.

<sup>93</sup> "Iran Reaps Less Cash from Eased Sanctions Than Predicted," *op. cit.*

<sup>94</sup> Kevan Harris, "Iran's Political Economy Under and After the Sanctions," *Washington Post* blogs, April 23, 2015.

financial hardship. However, the subsidy reductions might have contributed to the December 2017-January 2018 unrest. Rouhani also has improved collections of taxes and of price increases for electricity and natural gas utilities.<sup>95</sup>

*Import Restrictions.* To conserve hard currency, Iran reduced the supply of hard currency to importers of luxury goods, such as cars or cellphones, in order to maintain hard currency supplies to importers of essential goods. These restrictions have eased since sanctions were lifted.

## Effect on Energy Sector Long-Term Development

The Iran Sanctions Act (ISA) was enacted in large part to reduce Iran's oil and gas production capacity over the longer term by denying Iran the outside technology and investment to maintain or increase production. U.S. officials estimated in 2011 that Iran had lost \$60 billion in investment in the sector as numerous major firms pulled out of Iran. Iran says it needs \$130 billion-\$145 billion in new investment by 2020 to keep oil production capacity from falling.<sup>96</sup> Further development of the large South Pars gas field alone requires \$100 billion.<sup>97</sup>

Even though some international firms remain invested in Iran's energy sector, observers at key energy fields in Iran say there was little development activity at Iran's various oil and gas development sites after 2010 as energy firms sought to avoid sanctions (see **Table 4**). Some work abandoned by foreign investors was assumed by domestic companies, particularly those linked to the IRGC. However, the Iranian firms are not as technically capable as the international firms that have withdrawn.

Now that sanctions on Iran's energy sector are lifted, Iran has lured at least some foreign investors back into the sector. Since the JCPOA was agreed, representatives of several international energy firms have visited Iran to discuss future investment opportunities. Iran has revised the terms of new investment, under a concept called the "Iran Petroleum Contract," which makes investment more attractive by giving investing companies the rights to a set percentage of Iran's oil reserves for 20-25 years.<sup>98</sup> Iran has signed a number of new agreements with international energy firms since mid-2016.

Sanctions relief also opened opportunities for Iran to resume developing its gas sector. Iran has used its gas development primarily to reinject into its oil fields rather than to export. Iran exports about 3.6 trillion cubic feet of gas, primarily to Turkey and Armenia. Sanctions have rendered Iran unable to develop a liquefied natural gas (LNG) export business, and derailed several gas ventures, including BP-NIOC joint venture in the Rhum gas field (200 miles off the Scotland coast) and inclusion of Iran in planned gas pipeline projects to Europe. However, it was reported in March 2017 that the Philippine National Oil Company is seeking to build a 2-million-ton LNG plant in Iran, suggesting that the patent issue might not necessarily prohibit Iran from pursuing an LNG capability.

<sup>95</sup> Patrick Clawson testimony, January 21, 2015, op. cit.

<sup>96</sup> Khajehpour presentation at CSIS, op. cit.

<sup>97</sup> "Iran Faces Steep Climb to Join Gas Superpowers by 2017," *International Oil Daily*, April 29, 2014.

<sup>98</sup> Thomas Erdbrink. "New Iran Battle Brews over Foreign Oil Titans." *New York Times*, February 1, 2016.

Table 4. Post-1999 Major Investments in Iran's Energy Sector

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Feb. 1999	<b>Doroud (oil)</b> Total and ENI exempted from sanctions because of pledge to exit Iran	Total (France)/ENI (Italy)	\$1 billion	205,000 bpd
Apr. 1999 Dec./May 2016	<b>Balal (oil)</b> Initial development completed in 2004 Dec. 2016: Thailand PTTEP signed agreement with NIOC to study further development. May 2016: KOGAS signed a memorandum of understanding (MoU) to assess the field.	Total/ Bow Valley (Canada)/ENI  Thailand PTTEP KOGAS (South Korea)	\$300 million	40,000 bpd
Nov. 1999	<b>Soroush and Nowruz (oil)</b> Royal Dutch exempted from sanctions because of pledge to exit Iran market	Royal Dutch Shell (Netherlands)/Japex (Japan)	\$800 million	190,000 bpd
Apr. 2000	<b>Anaran bloc (oil)</b> Lukoil and Statoil invested in 2000 but abandoned work in 2009. As of Dec. 2016, Lukoil reportedly is considering returning to the project.	Lukoil (Russia) and Statoil (Norway)	\$105 million	65,000
Jul. 2000	<b>Phase 4 and 5, South Pars (gas)</b> On stream as of 2005. ENI exempted from sanctions based on pledge to exit Iran market	ENI	\$1.9 billion	2 billion cu. ft./day (cfd)
Mar. 2001	<b>Caspian Sea oil exploration</b> —construction of submersible drilling rig for Iranian partner	GVA Consultants (Sweden)	\$225 million	NA
Jun. 2001	<b>Darkhovin (oil)</b> ENI exited in 2013 and doing so enabled the firm to be exempted from U.S. sanctions	ENI Field in production	\$1 billion	100,000 bpd
May 2002	<b>Masjid-e-Soleyman (oil)</b>	Sheer Energy (Canada)/CNPC (China)/ Naftgaran Engineering (Iran)	\$80 million	25,000 bpd
Sept. 2002	<b>Phase 9 + 10, South Pars (gas)</b> On stream as of early 2009	GS Engineering and Construction Corp. (South Korea)	\$1.6 billion	2 billion cfd
Oct. 2002	<b>Phase 6, 7, 8, South Pars (gas)</b> Field began producing late 2008; operational control handed to NIOC in 2009. Statoil exempted from sanctions upon pledge to exit Iran	Statoil (Norway)	\$750 million	3 billion cfd
Jan. 2004 Dec. 2016	<b>Azadegan (oil)—South and North</b> Oct. 2010: original investor Inpex sold its stake and was exempted from ISA investigation. China National Petroleum Corp. took a majority stake in South and North Azadegan fields in January 2009. However, in 2014, Iran cancelled the contracts for for nonperformance Dec. 2016: Royal Dutch Shell and Petronas signed a MoU to assess S. Azadegan for possibly taking the project over.	Inpex (Japan) CNPC (China) Royal Dutch Shell/Petronas (Malaysia)	\$200 million (Inpex stake); China \$2.5 billion	260,000 bpd



Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Jan. 2004	<b>Tusan Block</b> Oil found in block in Feb. 2009, but not in commercial quantity, according to the firm.	Petrobras (Brazil)	\$178 million	
Oct. 2004	<b>Yadavaran (oil)</b> In 2014, Iran says Sinopec has “experienced problems with regards to progress” on the field, which also extends into Iraq.	Sinopec (China), deal finalized Dec. 9, 2007	\$2 billion	300,000 bpd
Dec. 2016	December 2016: Royal Dutch Shell signed MoU to assess taking over developing the field.			
2005	<b>Saveh bloc (oil)</b> GAO report, cited below	PTT (Thailand)		
Jun. 2006	<b>Garmsar bloc (oil)</b> Deal finalized in June 2009 (“China’s Sinopec signs a deal to develop oil block in Iran—report,” Forbes, 20 June 2009, <a href="http://www.forbes.com/feeds/afx/2006/06/20/afx2829188.html">http://www.forbes.com/feeds/afx/2006/06/20/afx2829188.html</a> .)	Sinopec (China)	\$20 million	
Jul. 2006	<b>Arak Refinery expansion</b> (GAO reports; Fimco FZE Machinery website; <a href="http://www.fimco.org/index.php?option=com_content&amp;task=view&amp;id=70&amp;Itemid=78">http://www.fimco.org/index.php?option=com_content&amp;task=view&amp;id=70&amp;Itemid=78</a> .)	Sinopec (China); JGC (Japan). Work may have been taken over or continued by Hyundai Heavy Industries (S. Korea)	\$959 million (major initial expansion; extent of Hyundai work unknown)	Expansion to produce 250,000 bpd
Sept. 2006	<b>Khorramabad block (oil)</b> Seismic data gathered, but no production is planned. (Statoil factsheet, May 2011)	Norsk Hydro and Statoil (Norway).	\$49 million	no estimates
Dec. 2006	<b>North Pars Gas Field (offshore gas).</b> Includes gas purchases Work crews reportedly pulled from the project in early-mid 2011. (“China Curbs Iran Energy Work” Reuters, September 2, 2011)	China National Offshore Oil Co.	\$16 billion	3.6 billion cfd
Feb. 2007	<b>LNG Tanks at Tombak Port</b> Contract to build three LNG tanks at Tombak, 30 miles north of Assaluyeh Port. (May not constitute “investment” as defined in pre-2010 version of ISA, because that definition did not specify LNG as “petroleum resource” of Iran.) “Central Bank Approves \$900 Million for Iran LNG Project.” Tehran Times, June 13, 2009.	Daelim (S. Korea)	\$320 million	200,000 ton capacity
Feb. 2007	<b>Phase 13, 14—South Pars (gas)</b> Deadline to finalize (May 2009) not met; firms submitted revised proposals to Iran in June 2009. State Department said on September 30, 2010, that Royal Dutch Shell and Repsol will not pursue this project any further.	Royal Dutch Shell, Repsol (Spain)	\$4.3 billion	
Mar. 2007	<b>Esfahan refinery upgrade</b>	Daelim (S. Korea)		NA

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Jul. 2007	<b>Phase 22, 23, 24—South Pars (gas)</b> Pipeline to transport Iranian gas to Turkey, and on to Europe and building three power plants in Iran. Contract not finalized to date.	Turkish Petroleum Company (TPAO)	\$12. billion	2 billion cfd
Dec. 2007	<b>Golshan and Ferdowsi onshore and offshore gas and oil fields and LNG plant</b> Contract modified but reaffirmed December 2008 (GAO reports; Oil Daily, January 14, 2008.)	Petrofield Subsidiary of SKS Ventures (Malaysia)	\$15 billion	3.4 billion cfd of gas/250,000 bpd of oil
2007 (unspec.)	<b>Jofeir Field (oil)</b> GAO report cited below. Belarusneft, a subsidiary of Belneftekhim, sanctioned under ISA on March 29, 2011. Naftiran sanctioned on September 29, 2010, for this and other activities.	Belarusneft (Belarus) under contract to Naftiran. No production to date	\$500 million	40,000 bpd
2008	<b>Dayyer Bloc (Persian Gulf, offshore, oil)</b> GAO reports.	Edison (Italy)	\$44 million	
Feb. 2008	<b>Lavan field (offshore natural gas)</b> GAO report cited below invested. PGNiG invested, but delays caused Iran to void PGNiG contract in December 2011. Project to be implemented by Iranian firms. (Fars News, December 20, 2011).	PGNiG (Polish Oil and Gas Company, Poland)	\$2 billion	
Mar. 2008	<b>Danan Field (on-shore oil)</b> “PVEP Wins Bid to Develop Danan Field.” Iran Press TV, March 11, 2008.	Petro Vietnam Exploration and Production Co. (Vietnam)		
Apr. 2008	<b>Iran’s Kish Gas Field</b> Includes pipeline from Iran to Oman.	Oman (cofinancing of project)	\$7 billion	1 billion cfd
Apr. 2008	<b>Moghan 2 (onshore oil and gas, Ardebil province)</b> January 7, 2014, GAO report says INA has withdrawn from Iran.	INA (Croatia)	\$40-\$140 million (dispute over size)	
2008	<b>Kermanshah petrochemical plant (new construction)</b> GAO reports.	Uhde (Germany)		300,000 metric tons/yr
Jun. 2008	<b>Resalat Oilfield</b> Status of work unclear.	Amona (Malaysia). Joined in June 2009 by CNOOC and another China firm, COSL.	\$1.5 billion	47,000 bpd
Jan. 2009	<b>Bushehr Polymer Plants</b> Production of polyethelene at two polymer plants in Bushehr Province. GAO January 7, 2014, report says Sasol has withdrawn from Iran.	Sasol (South Africa)		Capacity is 1 million tons per year. Products are exported from Iran.

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Mar. 2009	<b>Phase 12 South Pars (gas)</b> —Incl. LNG terminal construction and Farsi Block gas field/Farzad-B bloc.	Indian firms: Oil and Natural Gas Corp. of India (ONGC); Oil India Ltd., India Oil Corp. Ltd./minor stakes by Sonanagol (Angola) and PDVSA (Venezuela).	\$8 billion	20 million tonnes of LNG annually by 2012
Aug. 2009	<b>Abadan refinery</b> Upgrade and expansion; building a new refinery at Hormuz on the Persian Gulf coast.	Sinopec	Up to \$6 billion if new refinery is built	
Oct. 2009	<b>South Pars Gas Field—Phases 6-8, Gas Sweetening Plant</b> CRS conversation with Embassy of S. Korea in Washington, DC, July 2010. Contract signed but then abrogated by S. Korean firm.	G and S Engineering and Construction (South Korea)	\$1.4 billion	
Nov. 2009	<b>South Pars: Phase 12—Part 2 and Part 3</b> ("Italy, South Korea To Develop South Pars Phase 12." Press TV [Iran], November 3, 2009, <a href="http://www.presstv.com/pop/Print/?id=110308">http://www.presstv.com/pop/Print/?id=110308</a> .)	Daelim (S. Korea)—Part 2; Tecnimont (Italy)—Part 3	\$4 billion (\$2 bn each part)	
Feb. 2010/July 2017	<b>South Pars: Phase 11</b> Project originally awarded to CNPC in 2010, but CNPC exited the project in October 2012. In July 2017, Total took over the project as operator, with CNPC as minority partner (30%). Iran's Petropars has a 20% stake as well.	Total SA (France) and CNPC (China), with Iran Petropars	\$4.7 billion	
2011	<b>Azar Gas Field</b> Iran cancelled Gazprom's contract due to Gazprom's failure to fulfill its commitments.	Gazprom (Russia)		
Dec. 2011	<b>Zagheh Oil Field</b> Preliminary deal signed December 2011	Tatneft (Russia)	\$1 billion	55,000 barrels per day
Jul. 2016	<b>Aban Oil Field</b> Zarubezhneft signed a MoU to assess the field.	Zarubezhneft (Russia)		
Jul. 2016	<b>Paydar Garb Oil Field</b> Zarubezhneft signed a MoU to assess the field.	Zarubezhneft (Russia)		
Nov. 2016	<b>Parsi and Rag E-Sefid</b> Schlumberger signed a MoU to assess the fields.	Schlumberger (France)		
Nov. 2016	<b>South Pars Phase 11</b>	Total SA (France)/CNPC (China) and Petropars	\$4.8 billion	1.8 billion cu ft/day
Nov. 2016	<b>Sumar Oil Field</b> Polish Oil and Gas Company (PGNiG) signed a MoU to assess the field for six months.	PGNiG (Poland)		
Nov. 2016	<b>Karanj</b> International Pergas Consortium signed a MoU to assess this field.	Pergas (consortium of 15 firms from Norway, Britain, and Iran)		

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Dec. 2016	<b>Changuleh Oil Field</b> Companies signed MoU's to assess field.	Gazprom (Russia), PTTEP (Thailand), and DNO (Norway)		
Dec. 2016	<b>Kish Gas Field</b> Royal Dutch Shell signed MoU to assess the field	Royal Dutch Shell		
Dec. 2016	<b>Chesmekosh Gas Field</b> Gazprom signed MoU to assess the field	Gazprom (Russia) and Petronas (Malaysia)		
Mar. 2017	<b>Shadegan Oil Field</b> Khuzestan province (southern Iran). Currently producing about 65,000 bpd.	Tatneft (Russia)		500,000 bpd max.

**Sources:** Various oil and gas journals, as well as CRS conversations with some U.S. and company officials. Some information comes from various GAO reports, the latest of which was January 13, 2015 (GAO-15-258R).

**Note:** CRS has no mandate, authority, or means to determine violations of the Iran Sanctions Act, and no way to confirm the status of any of the reported investments. The investments are private agreements between Iran and the firms involved, which are not required to reveal the terms of their arrangements. Reported \$20 million+ investments in oil and gas fields, refinery upgrades, and major project leadership are included in this table. Responsibility for a project to develop Iran's energy sector is part of ISA investment definition.

### Effect on Gasoline Availability and Importation

As the enactment of U.S. sanctions on the sale of gasoline to Iran became increasingly likely in 2010, several suppliers apparently stopped selling gasoline to Iran.<sup>99</sup> Others ceased after the enactment of CISADA. Gasoline deliveries to Iran fell from about 120,000 barrels per day before CISADA to about 30,000 barrels per day immediately thereafter, although importation later increased to about 50,000 barrels per day. In 2017, Iranian officials said Iran is now largely self-sufficient in gasoline production.

<sup>99</sup> Information in this section derived from Javier Blas, "Traders Cut Iran Petrol Line," *Financial Times*, March 8, 2010.

**Table 5. Firms That Sold Gasoline to Iran**


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Vitol of Switzerland notified GAO it stopped selling to Iran in early 2010

Trafigura of Switzerland notified GAO it stopped selling to Iran in November 2009

Glencore of Switzerland notified GAO it stopped selling in September 2009

Total of France notified GAO it stopped sales to Iran in May 2010

Reliance Industries of India notified GAO it stopped sales to Iran in May 2009

Petronas of Malaysia said on April 15, 2010, it had stopped sales to Iran)<sup>100</sup>

Lukoil of Russia was reported to have ended sales to Iran in April 2010,<sup>101</sup> although some reports say that Lukoil affiliates continued supplying Iran.

Royal Dutch Shell of the Netherlands notified GAO it stopped sales in October 2009

Kuwait's Independent Petroleum Group told U.S. officials it stopped selling gasoline to Iran as of September 2010<sup>102</sup>

Tupras of Turkey stopped selling gasoline to Iran as of May 2011, according to the State Department

British Petroleum of United Kingdom, Shell, Q8, Total, and OMV stopped selling aviation fuel to Iran Air, according to U.S. State Department officials on May 24, 2011.

A UAE firm, Golden Crown Petroleum FZE, told the author in April 2011 that, as of June 29, 2010, it had stopped leasing vessels for the purpose of shipping petroleum products from or through Iran.

Munich Re, Allianz, Hannover Re (Germany) were providing insurance and reinsurance for gasoline shipments to Iran. However, they reportedly have exited the market for insuring gasoline shipments for Iran<sup>103</sup>

Lloyd's (Britain). The major insurer had been the main company insuring Iranian gas (and other) shipping, but reportedly ended that business in July 2010.

According to the State Department on May 24, 2011, Linde of Germany said it had stopped supplying gas liquefaction technology to Iran, contributing to Iran's decision to suspend its LNG program.

Several firms were sanctioned by the Administration under ISA on May 24, 2011, including PCCI (Jersey/Iran); Associated Shipbroking (Monaco); and Petroleos de Venezuela (Venezuela). Tanker Pacific representatives told the author in January 2013 that the firm had stopped dealing with Iran in April 2010 but may have been deceived by IRISL into a transaction with Iran after that time. ISA sanctions were removed on these firms as of Implementation Day.

Zhuhai Zhenrong, Unipet, ZhenHua Oil, and China Oil of China. Zhuhai Zhenrong is no longer selling Iran gasoline, according to the January 7, 2014, GAO report (GAO-14-281R). ZhenHua, a subsidiary of arms manufacturer Norinco, supplied one third of Iran's gasoline in March 2010, but there is little information on supplies since. (ISA sanctions on Zhuhai Zhenrong were lifted on Implementation Day.)

Emirates National Oil Company of UAE has been reported by GAO to still be selling to Iran, as have three other UAE energy traders, FAL, Royal Oyster Group, and Speedy Ship (UAE/Iran). (The latter three were sanctioned under ISA, but the sanctions were removed on Implementation Day.)

In 2011, Hin Leong Trading of Singapore asserted that it ceased selling gasoline to Iran. There is no information on whether Kuo Oil of Singapore still sells to Iran. (ISA sanctions on Kuo were lifted on Implementation Day.)

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**Sources:** CRS conversations with various firms, various GAO reports, various press reports.

<sup>100</sup> <http://www.ft.com/cms/s/0/009370f0-486e-11df-9a5d-00144feab49a.html>.

<sup>101</sup> [http://www.defenddemocracy.org/index.php?option=com\\_content&task=view&id=11788115&Itemid=105](http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105).

<sup>102</sup> [http://www.defenddemocracy.org/index.php?option=com\\_content&task=view&id=11788115&Itemid=105](http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105).

<sup>103</sup> [http://www.defenddemocracy.org/index.php?option=com\\_content&task=view&id=11788115&Itemid=105](http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105).

## Humanitarian Effects/Passenger Aircraft Safety

Humanitarian-related effects of sanctions were observed in several sectors, particularly on the population's ability to obtain Western-made medicines, such as expensive chemo-therapy medicines. Some of the scarcity was caused by banks' refusal to finance such sales, even though doing was not subject to any sanctions. Some observers say the Iranian government exaggerated reports of medicine shortages to generate opposition to the sanctions. Other accounts say that Iranians, particularly those with connections to the government, took advantage of medicine shortages by cornering the import market for key medicines.

The JPA provided for the international community to provide enhanced financial channels for Iran to import medicines, although the exact mechanism was limited to a U.S.-led information campaign for international banks. In July 2014, the U.S. Administration asked European medical firms to expedite sales of medical goods to Iran, and the Administration reportedly cleared banks in Switzerland and Japan to process financing for the shipments.<sup>104</sup>

Other reports say that pollution in Tehran and other big cities has worsened because Iran is making gasoline itself with methods that cause more impurities than imported gasoline. As noted above, Iran's efforts to deal with environment hazards and problems might be hindered by denial of World Bank lending for that purpose.

### Aircraft Sales

In the aviation sector, some Iranian pilots complained publicly that U.S. sanctions caused Iran's passenger airline fleet to deteriorate to the point of jeopardizing safety. Since the U.S. trade ban was imposed in 1995, 1,700 passengers and crew of Iranian aircraft have been killed in air accidents, although it is not clear how many of the crashes, if any, were due to difficulty in acquiring U.S. spare parts.<sup>105</sup>

The JPA provided for sales of civilian aircraft parts and the JCPOA provides for the U.S. licensing of new sales to Iran of commercial aircraft (civilian use only). In March 2016, a general license was issued enabling Boeing to assess Iran's civilian aviation needs. Sales of aircraft to Iran by non-U.S. manufacturers but with more than 10% U.S.-made content require U.S. licensing.

### *Sales of New Passenger Aircraft*

Several sales of passenger aircraft have been announced, and licensed by the Department of the Treasury, since Implementation Day. However, in May 2017, Treasury Secretary Steven Mnuchin stated to the House Ways and Means Committee that the Treasury Department "is reviewing" licenses already given to Boeing and Airbus, as discussed below. The statement appeared to reflect allegations by outside groups and others that Iran Air and other non-sanctioned Iranian airlines might be delivering weaponry to Syria or other Iranian allies.

- In February 2016, Iran Air—which was delisted from U.S. sanctions as of Implementation Day—announced it would purchase 118 Airbus commercial aircraft at an estimated value of \$27 billion. Airbus has received an OFAC license and several of the aircraft have been delivered as of July 2017.

<sup>104</sup> "U.S. Pushes to Expedite Some Humanitarian Shipments to Iran," *WSJ.com*, July 28, 2014.

<sup>105</sup> Thomas Erdbrink, "Iran's Aging Airliner Fleet Seen As Faltering Under U.S. Sanctions," July 14, 2012.



- In December 2016, Boeing and Iran Air finalized an agreement for Boeing to sell the airline 80 passenger aircraft and lease 29 others. Boeing received a specific license for the transaction. The deal has a total estimated value of about \$17 billion, with deliveries to start in 2018. The Boeing sale is to include 30 of the 777 model.
- In April 2017, Iran's Aseman Airlines signed a tentative agreement to buy at least 30 Boeing MAX passenger aircraft. No U.S. licenses for this sale have been announced, to date. The airline is owned by Iran's civil service pension fund but managed as a private company.
- In June 2017, Airbus agreed to tentative sales of 45 A320 aircraft to Iran's Airtour Airline, and of 28 A320 and A330 aircraft to Iran's Zagros Airlines. No U.S. licenses for the sales have been announced to date.

## Recent and Pending Iran Sanctions Legislation

The JCPOA, its implications, and related Iran issues have been the subject of recent and pending legislation. The JCPOA states that as long as Iran fully complies with the JCPOA, the sanctions that were suspended or lifted shall not be reimposed on other bases (such as terrorism or human rights). The Obama Administration stated that it would adhere to that provision but that some new sanctions that seek to limit Iran's military power, its human rights abuses, or its support for militant groups might not necessarily violate the JCPOA. After the JCPOA was finalized, a number of sanctions bills were introduced in the 114<sup>th</sup> Congress.

### Legislation Enacted in the 114<sup>th</sup> Congress

Supporters of the bills below asserted that they addressed weaknesses of the agreement or unrelated Iran issues, or increased oversight of the JCPOA.

#### Iran Nuclear Agreement Review Act (P.L. 114-17)

The Iran Nuclear Agreement Review Act of 2015 (INARA, P.L. 114-17) provided for a 30- or 60-day congressional review period after which Congress could pass legislation to approve or to disapprove of the JCPOA, or do nothing. No such legislation of disapproval was enacted.

There are several certification and reporting requirements under INARA:

- *Material Breach Report.* The President must report a potentially significant Iranian breach of the agreement within 10 days of acquiring credible information of such. Within another 30 days, the President must determine whether this is a material breach and whether Iran has cured the breach.
- *Certification Report.* The President is required to certify, every 90 days, that Iran is "transparently, verifiably, and fully implementing" the agreement, and that Iran has not taken any action to advance a nuclear weapons program. The latest certification was submitted on July 17, 2017, and another one was due on October 15, 2017. On October 13, 2017, the Administration declined to make that certification, on the grounds that continued sanctions relief is not appropriate and proportionate to Iran's measures to terminate its illicit nuclear program (Section (d)(6)(iv)(I) of INARA).
- If a breach is reported, or if the President does not certify compliance, Congress may initiate within 60 days "expedited consideration" of legislation that would

- reimpose any Iran sanctions that the President had suspended through use of waiver or other authority. That 60-day period is to expire on December 12, 2017.
- Semiannual Report. INARA also requires an Administration report every 180 days on Iran’s nuclear program, including not only Iran’s compliance with its nuclear commitments but also whether Iranian banks are involved in terrorism financing; Iran’s ballistic missile advances; and whether Iran continues to support terrorism.

## Visa Restriction

The FY2016 Consolidated Appropriation (P.L. 114-113) contained a provision amending the Visa Waiver Program to require a visa to visit the United States for any person who has visited Iraq, Syria, or any terrorism list country (Iran and Sudan are the two aside from Syria still listed) in the previous five years. Iran argued that the provision represented a violation of at least the spirit of the JCPOA by potentially deterring European businessmen from visiting Iran. The Obama Administration issued a letter to Iran stating it would implement the provision in such a way as not to not impinge on the JCPOA sanctions relief for Iran, and some allowances for Iranian students studying in the United States were made in the implementing regulations. Another provision of that law requires an Administration report to Congress on how Iran has used the benefits of sanctions relief.

Shortly after taking office, President Trump issued an executive order that would temporarily prohibit Iranian citizens (and citizens from Libya, Yemen, Somalia, Sudan, Syria, and Iraq) from entering the United States. This marked a significant additional restriction beyond that enacted in the FY2016 Consolidated Appropriation. The order is currently under litigation.

## Iran Sanctions Act Extension

Several bills in the 114<sup>th</sup> Congress sought to extend ISA, which was to expire in its entirety on December 31, 2016. Some of them extended ISA without amending it in any other way, but other bills would have amended ISA along with extending its authority. Among “clean” extensions were S. 3281 and H.R. 6297, which would extend ISA as is until December 31, 2026. The latter bill, entitled the Iran Sanctions Extension Act, passed the House on November 15 by a vote of 419-1 and then passed the Senate by 99-0. President Obama allowed the bill to become law without signing it (P.L. 114-277), even though the Administration considered it unnecessary because the President retains ample authority to reimpose sanctions on Iran. Iranian leaders called the extension a breach of the JCPOA<sup>106</sup> and formally complained about it to the JCPOA’s “Joint Commission,” but there was no determination that the ISA extension was a U.S. breach of the JCPOA.

## Reporting Requirement on Iran Missile Launches

The conference report on the FY2017 National Defense Authorization Act (S. 2943, P.L. 114-328) contained a provision (Section 1226) requiring a quarterly report to Congress on Iran’s missile launches the imposition of U.S. sanctions with respect to Iran’s ballistic missile launches until

<sup>106</sup> An Iranian letter to the U.N. Security Council submitted July 20, 2015, indicates Iran’s view that “reintroduction or reimposition, including through extension, of the sanctions and restrictive measures will constitute significant nonperformance which would relieve Iran from its commitments in whole or in part.” Iran Letter to the President of the U.N. Security Council, July 20, 2015, (S/2015/550).

December 31, 2019. The conference report on the FY2018 NDAA would extend that reporting requirement until December 31, 2022.

### Iran Sanctions Legislation in the 114<sup>th</sup> Congress not Enacted

Some Iran sanctions legislation in the 114<sup>th</sup> appeared intended to address Iran’s objectionable behavior. The report is to include efforts to sanction entities or individuals that assist those missile launches.

Among legislation in the 114<sup>th</sup> Congress that was not enacted:

- The Iran Policy Oversight Act (S. 2119) contained a provision that would add certification requirements for the Administration to remove designations of Iranian entities sanctioned.
- The IRGC Terrorist Designation Act (H.R. 3646 and S. 2094) required a report on whether the IRGC meets the criteria for designation as a Foreign Terrorist Organization (FTO). The Obama Administration argued that the law that set up the FTO designations (Section 219 of the Immigration and Nationality Act [8 U.S.C. 1189]) applies such designations only to groups, rather than armed forces of a nation-state (which the IRGC is). Bills with similar provisions—H.R. 380, S. 67, and H.R. 478—have been introduced in the 115<sup>th</sup> Congress.
- Prohibiting Assistance to Nuclear Iran Act (H.R. 3273) would prohibit the use of U.S. funds to provide technical assistance to Iran’s nuclear program. The provision appeared to conflict with the provision of the JCPOA that calls on the P5+1 to engage in peaceful nuclear cooperation with Iran (Paragraph 32), and cause budgetary difficulties for the IAEA.
- The Justice for Victims of Iranian Terrorism Act (H.R. 3457, S. 2086) would prohibit the President from waiving U.S. sanctions in accordance with the JCPOA until Iran has completed paying judgments issued for victims of Iranian or Iran-backed acts of terrorism. The House passed it on October 1, 2015, by a vote of 251-173, despite Obama Administration assertions that the bill would contradict the JCPOA.<sup>107</sup>
- H.R. 3728 would amend ITRSHRA to make mandatory (rather than voluntary) sanctions related to the use by Iranian banks of electronic bank transfer systems such as SWIFT. The JCPOA provided for Iran to regain access to SWIFT and other electronic payments systems.
- The Iran Terror Finance Transparency Act (H.R. 3662) would add certification requirements for the Administration to “delist” sanctioned Iranian entities. The House passed the bill but then vacated its vote.
- The IRGC Sanctions Act (H.R. 4257) would require congressional action to approve an Administration request to remove a country from the terrorism list and would require certification that any entity to be “delisted” from sanctions is not a member, agent, affiliate, or owned by the IRGC.
- The Iran Ballistic Missile Prevention and Sanctions Act of 2016 (H.R. 4342) would impose ISA sanctions on any person determined to have transferred to or

<sup>107</sup> For more information on the issue of judgments for victims of Iranian terrorism, see CRS Report RL31258, *Suits Against Terrorist States by Victims of Terrorism*, by (name redacted) .

from Iran advanced conventional weapons, or any technology or technical information related to those programs.

- The Iran Ballistic Missile Sanctions Act of 2016 (S. 2725) would require that specified sectors of Iran's economy (automotive, chemical, computer science, construction, electronic, energy metallurgy, mining, petrochemical, research, and telecommunications) be subject to U.S. sanctions, if those sectors are determined to provide support for Iran's ballistic missile program. The provision appeared to violate the JCPOA by reimposing sanctions on major sectors of Iran's civilian economy. In the 115<sup>th</sup> Congress, S. 15 and key sections of S. 227 and H.R. 808 (Iran Nonnuclear Sanctions Act of 2017) mirror S. 2725.
- Iran Terrorism and Human Rights Sanctions Act of 2016 (S. 2726) would add sanctions on Iran for its human rights abuses and its furnishing of weapons to Assad and other regional actors.
- H.R. 4992, which passed the House on July 14, 2016, by a vote of 246-181, would require foreign banks and dollar clearinghouses to receive a U.S. license for any dollar transactions involving Iran. The provision would appear to represent a new restriction on foreign transactions with Iran, and the Obama Administration opposed it as a violation of the JCPOA.
- The Countering Iranian Threats Act of 2016 (S. 3267) would limit the President's ability to amend existing regulations to authorize offshore clearing of dollar transactions with Iran, and increase penalties on foreign entities that assist Iran's ballistic missile program. There has been debate over whether limiting the Administration's authority to license foreign clearinghouses to perform dollar transactions with Iran, an action not specifically promised by the JCPOA, would violate the agreement. Iran argues that a U.S. refusal to license such transactions violates the JCPOA's stipulation that remaining sanctions not prevent Iran from obtaining full sanctions relief.
- H.R. 5631, the Iran Accountability Act, which passed the House on July 14, 2016, by a vote of 246-179, would remove some waiver authority for certain provisions of several Iran sanctions laws and would require sanctions on sectors of Iran's civilian economy determined to have supported Iran's ballistic missile program. The latter provision appeared to contradict the JCPOA requirement that sanctions on Iran's civilian economic sectors not be reimposed.
- H.R. 5119, which passed the House by a vote of 249-176, would prohibit the U.S. government from buying additional heavy water from Iran and appeared intended to block additional U.S. purchases similar to one in April 2016 in which the United States bought 32 metric tons from Iran at a cost of about \$8.6 million. The purchase helped Iran regain compliance with JCPOA stockpile requirements.
- Several bills and amendments in the 114<sup>th</sup> Congress sought to block or impede the sale of the Boeing aircraft to Iran by preventing the licensing, financing, or Ex-Im Bank loan guarantees for the sale. These bills included H.R. 5715, H.R. 5711, and several amendments that were passed to the FY2017 Financial Services and General Government Appropriations Act (H.R. 5485). That act passed the House on July 7, 2016, by a vote of 239-185. H.R. 5711 was passed by the House on November 17, 2016, by a vote of 243-174. The Obama Administration opposed it as a JCPOA violation. In the 115<sup>th</sup> Congress, H.R. 566 requires an Administration report on Iran's use of commercial aircraft to transport military equipment and illicit goods.

- H.R. 5931 would prevent the transfer of cash instruments to Iran by any bank, including for the purpose of paying U.S. judgments in favor of or settlements with Iran. The bill did not appear to conflict with the JCPOA, which does not specify how the United States and Iran might settle financial or other disputes.

## The Trump Administration and Iran Sanctions Legislation

President Trump's October 13, 2017, policy statement on Iran contained a threat to cease U.S. implementation of the JCPOA unless identified weaknesses in it are addressed. Among those weaknesses were its failure to limit Iranian ballistic missile development or Iran's "malign" regional activities. On several occasions before and since the policy statement, the Administration has imposed sanctions on additional entities related to Iran's missile program, IRGC-Navy operations in the Persian Gulf, and IRGC-QF activities in the region. The Administration has, to date, renewed sanctions law waivers that are required to implement U.S. JCPOA commitments but, should the Administration decide to cease implementing the JCPOA, it presumably would stop renewing those waivers. On August 2, President Trump signed legislation (The Countering America's Adversaries Through Sanctions Act, H.R. 3364/P.L. 115-44), discussed below.

The following sections discuss some Iran sanctions legislation enacted or under consideration in the 115<sup>th</sup> Congress.

### Enacted Law: The Countering America's Adversaries Through Sanctions Act of 2017 (P.L. 115-44)

A bill, S. 722, which initially contained only Iran-related sanctions, was reported out by the Senate Foreign Relations Committee on May 25, 2017. After incorporating an amendment adding sanctions on Russia, the bill was passed by the Senate on June 15, 2017, by a vote of 98-2. A companion measure, H.R. 3203, was introduced in the House subsequent to the Senate passage of S. 722, and contained Iran-related provisions virtually identical to the engrossed Senate version of S. 722. Following a reported agreement among House and Senate leaders, H.R. 3364, with additional sanctions provisions related to North Korea (and provisions on Iran remaining virtually unchanged from those of the engrossed S. 722), was introduced and passed both chambers by overwhelming margins. President Trump signed it into law on August 2, 2017 (P.L. 115-44), accompanied by a signing statement expressing reservations about the degree to which some provisions, particularly those pertaining to Russia, might conflict with the President's constitutional authority.

With respect to Iran sanctions, the new law does not appear to conflict with the JCPOA insofar as it would not reimpose the lifted sanctions on Iran's civilian economic sectors. And, the JCPOA did not require the United States to refrain from imposing additional sanctions on Iranian proliferation, human rights abuses, terrorism, or the IRGC. The main provisions are discussed in the appropriate sections of this report, above. Among the new sanctions provisions, Section 108 of the new law requires an Administration review of all designated entities to assess whether such entities are contributing to Iran's ballistic missile program or contributing to Iranian support for international terrorism. No entities to be delisted by the United States in October 2023, under the JCPOA, appear to fall into these categories and the section would therefore not appear to preclude delisting any entities as required under the JCPOA (in October 2023).

### Selected Additional Pending Legislation

- H.R. 1698—The Iran Ballistic Missiles and International Sanctions Enforcement Act, introduced by House Foreign Affairs Committee Chairman Ed Royce,

passed the House on October 26, 2017, by a vote of 423-2. It would amend the remaining active (not waived) section of ISA (Section 5b) to clarify that assistance to Iran’s ballistic missile program is included as subject to sanctions. The provision would apply the sanctions to foreign governments determined to be assisting Iran’s missile programs, and would apply several ISA sanctions to foreign entities, including foreign governments, that sell to or import from Iran the major combat systems banned for sale to Iran in Security Council Resolution 2231. This represents a more specific list of banned items than the “destabilizing numbers and types” of weaponry the sale to Iran of which can be sanctioned under ISA and other several U.S. laws discussed above.

- FY2018 National Defense Authorization Act (NDAA, H.R. 2810 conference report) would expand the reporting requirements of the annual DOD report on Iranian military power to include the use of Iran’s commercial aviation sector to supply the IRGC and regional regimes and armed factions that Iran supports.
- H.R. 1638. On November 14, the House Financial Services Committee ordered reported H.R. 1638, the Iranian Leadership Asset Transparency Act, requiring the Treasury Secretary to report to Congress on the assets and equity interests held by named Iranian persons including the Supreme Leader, Rouhani, various IRGC and other security commanders, and members of various leadership bodies.
- H.R. 4324. On November 14, the House Financial Services Committee also ordered reported the Strengthening Oversight of Iran’s Access to Finance Act. The bill would require Administration reports on whether financing of Iranian commercial passenger aircraft purchases pose money-laundering or terrorism risks or benefit Iranian persons involved in Iranian proliferation or terrorism. Some experts argue that the bill might potentially act as a brake on the willingness of the Treasury Department to license aircraft sales to Iran, and in so doing possibly cause Iran to accuse the United States of breaching its JCPOA commitment for the United States to sell such aircraft to Iran.<sup>108</sup>
- Following President Trump’s October 13, 2017, statement on Iran, Senate Foreign Relations Committee Chairman Bob Corker and Senator Tom Cotton released an outline of legislation that would reimpose waived U.S. sanctions if, at any time—including after JCPOA restrictions expire—Iran reconstitutes aspects of its nuclear program that were limited or dismantled under the JCPOA. The bill draft included sanctions triggers based on Iranian missile developments. The draft legislation has not been introduced, to date, but Secretary of State Tillerson told journalists on January 5, 2018, that he was working with Senator Corker and others, reportedly including SFRC ranking member Benjamin Cardin, on legislation that might satisfy President Trump’s January 12, 2018, demand that the weaknesses of the JCPOA must be addressed if he is to keep the United States in the JCPOA.<sup>109</sup>

<sup>108</sup> Author conversations with experts in Washington, DC, November, 2017, and various press reports.

<sup>109</sup> <http://www.jpost.com/Middle-East/Iran-News/Republicans-pull-back-on-Iran-deal-legislation-in-setback-for-Trump-513831>.



## Other Possible U.S. and International Sanctions<sup>110</sup>

There are a number of other possible sanctions that might receive consideration—either in a global or multilateral framework—presumably if the JCPOA were to collapse through nonperformance of commitments by any party. The potential sanctions listed below are materially different from those imposed from 2010-2016 but eased in concert with the JCPOA.

- *Sanctioning All Trade with Iran.* Some organizations, such as United Against Nuclear Iran, advocate sanctions against virtually all non-humanitarian trade with Iran. The concept of a global trade ban on Iran has virtually no support internationally, and U.S. allies strongly oppose U.S. measures that would compel allied firms to end all commerce with Iran.
- *Comprehensive Ban on Energy Transactions with Iran.* Many experts believe that a U.N.-mandated, worldwide embargo on the purchase of any Iranian crude oil would put significant pressure on Iran. This concept would likely require support from the U.N. Security Council. Some advocate a U.N. Security Council ban on all investment in and equipment sales to Iran's energy sector. During the 1990s, U.N. sanctions against Libya for the Pan Am 103 bombing banned the sale of energy equipment to Libya.
- *Iran Oil Free Zone.* Prior to the EU oil embargo on Iran, there was discussion of closing the loophole in which U.S. refiners can import oil that has some Iranian content because it is mixed with other countries' oils at foreign refineries in Europe and elsewhere.
- *Mandating Reductions in Diplomatic and Other Exchanges with Iran or Prohibiting Travel by Iranian Officials.* Some have suggested that the United States organize a worldwide ban on travel by senior Iranian civilian officials, a pullout of all diplomatic missions in Tehran, and expulsion of Iranian diplomats worldwide. The EU came close to adopting this option after the November 2011 attack on the British Embassy in Tehran. A related option is to limit sports or cultural exchanges with Iran, such as Iran's participation in the World Cup soccer tournament. However, many oppose using sports to advance political goals.
- *Sanctioning Iranian Profiteers and Other Abusers.* Some experts believe that, despite the provision of P.L. 112-239 discussed earlier, the United States and international community should more aggressively target for sanctions Iranians who are exploiting special rights, monopolies, or political contacts for economic gain at the expense of average Iranians. Others believe that human rights sanctions should be extended to Iranian officials who are responsible for depriving Iranian women and other groups of internationally accepted rights.
- *Banning Passenger Flights to and from Iran.* Bans on flights to and from Libya were imposed on that country in response to the finding that its agents were responsible for the December 21, 1988, bombing of Pan Am 103 (now lifted). A variation of this idea could be the imposition of sanctions against airlines that are in joint ventures or codeshare arrangements with Iranian airlines.
- *Limiting Lending to Iran by International Financial Institutions.* Resolution 1747 calls for restraint on but does not outright ban international lending to Iran. An

<sup>110</sup> See CRS In Focus IF10801, *Possible Additional Sanctions on Iran*, by (name redacted) .

option is to make a ban on such lending mandatory. Some U.S. groups have called for the International Monetary Fund (IMF) to withdraw all its holdings in Iran's Central Bank and suspend Iran's membership in the body.

- *Banning Trade Financing or Official Insurance for Trade Financing.* Another option is to mandate a worldwide ban on official trade credit guarantees. This was not mandated by Resolution 1929, but several countries imposed this sanction subsequently. A ban on investment in Iranian bonds reportedly was considered but deleted to attract China and Russia's support.

### Table 6. Entities Sanctioned Under U.N. Resolutions and U.S. Laws and Executive Orders

Persons listed are identified by the positions they held when designated; some have since changed.

#### Entities and Persons Sanctioned by U.N. Security Council Resolutions

Entities in italics were "delisted" on Implementation Day. Entities in standard font to remain listed until Transition Day (October 2023), unless removed earlier by Security Council

#### Entities Sanctioned by Resolution 1737

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>- Farayand Technique (centrifuge program)</li> <li>- Defense Industries Organization (DIO)</li> <li>- 7<sup>th</sup> of Tir (DOI subordinate)</li> <li>- Shahid Hemmat Industrial Group (SHIG)—missile program</li> <li>- Shahid Bagheri Industrial Group (SBIG)—missile program</li> <li>- Fajr Industrial Group—missile program</li> </ul> | <ul style="list-style-type: none"> <li>- Gen. Mohammad Mehdi Nejad Mouri (Malak Ashtar University of Defense Technology rector)</li> <li>- Bahmanyar Morteza Bahmanyar (AIO official)</li> <li>- Reza Gholi Esmaeli (AOI Official)</li> <li>- Ahmad Vahid Dastjerdi (Head of AOI)</li> <li>- Maj. Gen. Yahya Rahim Safavi (Commander in Chief, IRGC)</li> <li>- Gen. Hosein Salimi (Commander, IRGC Air Force)</li> </ul> | <ul style="list-style-type: none"> <li>- <i>Atomic Energy Organization of Iran (AEIO)</i></li> <li>- <i>Mesbah Energy Company (Arak supplier)</i></li> <li>- <i>Mohammad Qanadi, AEIO Vice President</i></li> <li>- <i>Behman Asgarpour (Arak manager)</i></li> <li>- <i>Ehsan Monajemi (Natanz construction manager)</i></li> <li>- <i>Jafar Mohammadi (Adviser to AEIO)</i></li> <li>- <i>Dawood Agha Jani (Natanz official)</i></li> <li>- <i>Ali Hajinia Leilabadi (Director of Mesbah Energy)</i></li> </ul> |
|---|---|---|

#### Entities/Persons Added by Resolution 1747

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>- Ammunition and Metallurgy Industries Group (controls 7<sup>th</sup> of Tir)</li> <li>- Parchin Chemical Industries (branch of DIO)</li> <li>- Sanam Industrial Group (subordinate to AIO)</li> <li>- Ya Mahdi Industries Group</li> <li>- Sho'a Aviation (produces IRGC light aircraft for asymmetric warfare)</li> <li>- Qods Aeronautics Industries (produces UAV's, para-gliders for IRGC asymmetric warfare)</li> <li>- Pars Aviation Services Company (maintains IRGC Air Force equipment)</li> <li>- Gen. Mohammad Baqr Zolqadr (IRGC officer serving as deputy Interior Minister)</li> <li>- Brig. Gen. Mohammad Hejazi (Basij commander)</li> </ul> | <ul style="list-style-type: none"> <li>- Brig. Gen. Qasem Soleimani (Qods Force commander)</li> <li>- Fereidoun Abbasi-Davani (senior defense scientist)</li> <li>- Mohasen Fakrizadeh-Mahabai (defense scientist)</li> <li>- Mohsen Hojati (head of Fajr Industrial Group)</li> <li>- Ahmad Derakshandeh (head of Bank Sepah)</li> <li>- Brig. Gen. Mohammad Reza Zahedi (IRGC ground forces commander)</li> <li>- Naser Maleki (head of SHIG); Brig. Gen. Morteza Reza'i (Deputy commander-in-chief, IRGC)</li> <li>- Vice Admiral Ali Akbar Ahmadiyan (chief of IRGC Joint Staff)</li> </ul> | <ul style="list-style-type: none"> <li>- <i>Karaj Nuclear Research Center</i></li> <li>- <i>Novin Energy Company; Cruise Missile Industry Group</i></li> <li>- <i>Kavoshyar Company (subsidiary of AEIO)</i></li> <li>- <i>Bank Sepah and Bank Sepah International PLC (funds AIO and subordinate entities in missile activities)*</i></li> <li>- <i>Esfahan Nuclear Fuel Research and Production Center and Esfahan Nuclear Technology Center</i></li> <li>- <i>Seyed Jaber Safdari (Natanz manager)</i></li> <li>- <i>Amir Rahimi (head of Esfahan nuclear facilities); Mehrdada Akhlaghi Ketabchi (head of SBIG)</i></li> </ul> |
|--|---|--|

\* Bank Sepah and Bank Sepah International were delisted on Implementation Day by a separate decision the Security Council. They were not named on the Resolution 2231 attachment of entities to be delisted on that day. No information has been publicized whether Ahmad Derakshandeh, the head of Bank Sepah, was also delisted.

### Entities Added by Resolution 1803

Requires that countries report when the following persons enter or transit their territories:

- Amir Moayyed Alai (centrifuge program management)
- Mohammad Fedai Ashiani (Natanz complex technician)
- Abbas Rezaee Ashtiani (senior AEIO official)
- Haleh Bakhtiar
- Morteza Behzad (centrifuge component production)
- Mohammad Eslami (Defense Industries Training and Research Institute)
- Seyyed Hussein Hosseini (AEIO, involved in Arak)
- M. Javad Karimi Sabet (head of Novin Energy)
- Hamid-Reza Mohajerani (manager at Esfahan uranium conversion facility)
- Brig. Gen. Mohammad Reza Naqdi (military official, for trying to circumvent U.N. sanctions)
- Houshang Nobari (Natanz)
- Abbas Rashidi (Natanz)
- Ghasem Soleymani (Saghand uranium mine)

Travel banned for five Iranians sanctioned under Resolutions 1737 and 1747.

Adds entities to the sanctions list:

- Electro Sanam Co.
- Abzar Boresh Kaveh Co. (centrifuge production)
- Barzaganin Tejaral Tavanmad Saccal
- Jabber Ibn Hayan (AEIO laboratory)
- Khorasan Metallurgy Industries
- Niru Battery Manufacturing Co. (Makes batteries for Iranian military and missile systems)
- Ettehad Technical Group (AIO front co.)
- Industrial Factories of Precision
- Joza Industrial Co.
- Pishgam (Pioneer) Energy Industries
- Tamas Co. (uranium enrichment)
- Safety Equipment Procurement (AIO front, missiles)

### Entities Added by Resolution 1929

Over 40 entities added; makes mandatory a previously nonbinding travel ban on most named Iranians of previous resolutions.

Adds one individual banned for travel—AEIO head *Javad Rahiqi*.

- Amin Industrial Complex; Armament Industries Group
- Defense Technology and Science Research Center (owned or controlled by Ministry of Defense)
- Doostan International Company
- Farasakht Industries
- *First East Export Bank, PLC*
- Kaveh Cutting Tools Company
- M. Babaie Industries
- Shahid Karrazi Industries
- Malek Ashtar University (subordinate of Defense Technology and Science Research Center, above)
- Ministry of Defense Logistics Export (sells Iranian made arms to customers worldwide)
- Mizan Machinery Manufacturing
- Pejman Industrial Services Corp.;
- Sabalan Company; Sahand Aluminum Parts Industrial Company
- Shahid Sattari Industries
- Shahid Sayyade Shirazi Industries (acts on behalf of the DIO)
- Special Industries Group (DIO subordinate)
- Tiz Pars (cover name for SHIG)
- Yazd Metallurgy Industries
- **Modern Industries Technique Company**
- **Nuclear Research Center for Agriculture and Medicine** (research component of the AEIO)

The following Revolutionary Guard affiliated firms (several are subsidiaries of Khatam ol-Anbiya, the main Guard construction affiliate):

- Fater Institute
- Garaghe Sazendegi Ghaem
- Gorb Karbala
- Gorb Nooh
- Hara Company
- Sepasad Engineering Company
- Imensazan Consultant Engineers Institute
- Khatam ol-Anbiya
- Makin
- Omran Sahel
- Oriental Oil Kish
- Rah Sahel
- Rahab Engineering Institute
- Sahel Consultant Engineers
- Sepanir

The following entities owned or controlled by Islamic Republic of Iran Shipping Lines (IRISL): **Irano Hind Shipping Company**; **IRISL Benelux**; and **South Shipping Line Iran**.

### Entities Designated Under U.S. Executive Order 13382 (many designations coincident with designations under U.N. resolutions)

(Entities in this table and tables below: Entities in *italics* were “delisted” by the United States on Implementation Day. Entities in **bold** are to be delisted on Transition Day (October 2023))

Entity	Date Named
Shahid Hemmat Industrial Group (Iran)	June 2005, September 2007
Shahid Bakeri Industrial Group (Iran)	June 2005, February 2009
<i>Atomic Energy Organization of Iran</i>	June 2005

Novin Energy Company (Iran) and Mesbah Energy Company (Iran)	January 2006
Four Chinese entities: Beijing Alite Technologies, LIMMT Economic and Trading Company, China Great Wall Industry Corp, and China National Precision Machinery Import/Export Corp.	June 2006
Sanam Industrial Group (Iran) and Ya Mahdi Industries Group (Iran)	July 2006
Bank Sepah (Iran)	January 2007
<b>Kalaye Electic Company</b>	February 2007
Defense Industries Organization (Iran)	March 2007
Pars Trash (Iran, nuclear program), <b>Farayand Technique</b> (Iran, nuclear program), Fajr Industries Group (Iran, missile program), Mizan Machine Manufacturing Group (Iran, missile program).	June 2007
Aerospace Industries Organization (AIO) (Iran); Korea Mining and Development Corp. (N. Korea).	September 2007
Islamic Revolutionary Guard Corps (IRGC); Ministry of Defense and Armed Forces Logistics; <i>Bank Melli</i> (Iran's largest bank, widely used by Guard); Bank Melli Iran Zao (Moscow); Melli Bank PC (U.K.); <i>Bank Kargoshaee</i> ; <i>Arian Bank</i> (joint venture between Melli and Bank Saderat). Based in Afghanistan; <i>Bank Mellat</i> (provides banking services to Iran's nuclear sector); <i>Mellat Bank SB CJSC</i> (Armenia). Reportedly has \$1.4 billion in assets in UAE; <i>Persia International Bank PLC</i> (U.K.); Khatam ol Anbiya Gharargah Sazandegi Nooh (main IRGC construction and contracting arm, with \$7 billion in oil, gas deals); Oriental Oil Kish (Iranian oil exploration firm); Ghorb Karbala; Ghorb Nooh (synonymous with Khatam ol Anbiya); Sepasad Engineering Company (Guard construction affiliate); Omran Sahel (Guard construction affiliate); Sahel Consultant Engineering (Guard construction affiliate); Hara Company; Gharargahe Sazandegi Ghaem	October 21, 2007
Individuals: Bahmanyar Morteza Bahmanyar (AIO, Iran missile official, see above under Resolution 1737); Ahmad Vahid Dastjerdi (AIO head, Iran missile program); Reza Gholi Esmaeli (AIO, see under Resolution 1737); Morteza Reza'i (deputy commander, IRGC). See also Resolution 1747; Mohammad Hejazi (Basij commander). Also, Resolution 1747; Ali Akbar Ahmadian (Chief of IRGC Joint Staff). Resolution 1747; Hosein Salimi (IRGC Air Force commander). Resolution 1737; Qasem Soleimani (Qods Force commander). Resolution 1747.	October 21, 2007
<i>Future Bank</i> (Bahrain-based but allegedly controlled by Bank Melli)	March 12, 2008
Yahya Rahim Safavi (former IRGC Commander in Chief); Mohsen Fakrizadeh-Mahabadi (senior Defense Ministry scientist); <i>Dawood Agha-Jani</i> (head of Natanz enrichment site); Mohsen Hojati (head of Fajr Industries, involved in missile program); Mehrdada Akhlaghi Ketabachi (heads Shahid Bakeri Industrial Group); Naser Maliki (heads Shahid Hemmat Industrial Group); <i>Tamas Company</i> (involved in uranium enrichment); Shahid Sattari Industries (makes equipment for Shahid Bakeri); 7 <sup>th</sup> of Tir (involved in developing centrifuge technology); Ammunition and Metallurgy Industries Group (partner of 7 <sup>th</sup> of Tir); Parchin Chemical Industries (deals in chemicals used in ballistic missile programs)	July 8, 2008
Karaj Nuclear Research Center; <i>Esfahan Nuclear Fuel Research and Production Center</i> (NFRPC); <i>Jabber Ibn Hayyan</i> (reports to Atomic Energy Org. of Iran, AEIO); Safety Equipment Procurement Company; Joza Industrial Company (front company for Shahid Hemmat Industrial Group, SHIG)	August 12, 2008
<i>Islamic Republic of Iran Shipping Lines</i> (IRISL) and 18 affiliates, including <i>Val Fajr 8</i> ; <i>Kazar</i> ; <i>Irinvestship</i> ; <i>Shipping Computer Services</i> ; <i>Iran o Misr Shipping</i> ; <i>Iran o Hind</i> ; <i>IRISL Marine Services</i> ; <i>Iriatal Shipping</i> ; <i>South Shipping</i> ; <i>IRISL Multimodal</i> ; <i>Oasis</i> ; <i>IRISL Europe</i> ; <i>IRISL Benelux</i> ; <i>IRISL China</i> ; <i>Asia Marine Network</i> ; <i>CISCO Shipping</i> ; and <i>IRISL Malta</i>	September 10, 2008
Firms affiliated to the Ministry of Defense, including Armament Industries Group; Farasakht Industries; Iran Aircraft Manufacturing Industrial Co.; Iran Communications Industries; Iran Electronics Industries; and Shiraz Electronics Industries (SEI)	September 17, 2008
<i>Export Development Bank of Iran</i> (EDBI). Provides financial services to Iran's Ministry of Defense and Armed Forces Logistics; <i>Banco Internacional de Desarrollo, C.A.</i> , Venezuelan-based Iranian bank, sanctioned as an affiliate of the Export Development Bank.	October 22, 2008
<i>Assa Corporation</i> (alleged front for Bank Melli involved in managing property in New York City on behalf of Iran)	December 17, 2008
11 Entities Tied to Bank Melli: <i>Bank Melli Iran Investment (BMIIIC)</i> ; <i>Bank Melli Printing and Publishing</i> ; <i>Melli Investment Holding</i> ; <i>Mehr Cayman Ltd.</i> ; <i>Cement Investment and Development</i> ; <i>Mazandaran Cement Co.</i> ; <i>Shomal Cement</i> ; <i>Mazandaran Textile</i> ; <i>Melli Agrochemical</i> ; <i>First Persian Equity Fund</i> ; BMIIIC Intel. General Trading	March 3, 2009
IRGC General Rostam Qasemi, head of Khatem ol-Anbiya Construction Headquarters (main IRGC	February 10, 2010

corporate arm) and several entities linked to Khatem ol-Anbiya, including: Fater Engineering Institute, Imensazen Consultant Engineers Institute, Makin Institute, and Rahab Institute	
- Post Bank of Iran	June 16, 2010
- IRGC Air Force	
- IRGC Missile Command	
- Rah Sahel and Sepanir Oil and Gas Engineering (for ties to Khatem ol-Anbiya IRGC construction affiliate)	
- Mohammad Ali Jafari—IRGC Commander-in-Chief since September 2007	
- Mohammad Reza Naqdi—Head of the IRGC's Basij militia force that suppresses dissent (since October 2009)	
- Ahmad Vahedi—Defense Minister	
- <b>Javedan Mehr Toos</b> , <i>Javad Karimi Sabet</i> (procurement brokers or atomic energy managers)	
- Naval Defense Missile Industry Group (SAIG, controlled by the Aircraft Industries Org that manages Iran's missile programs)	
- Five front companies for IRISL: <i>Hafiz Darya Shipping Co.</i> ; <i>Soroush Sarzamin Asatir Ship Management Co.</i> ; <i>Safirán Payam Darya</i> ; and Hong Kong-based <i>Seibow Limited</i> and <i>Seibow Logistics</i> .	
Also identified on June 16 were 27 vessels linked to IRISL and 71 new names of already designated IRISL ships.	
Several Iranian entities were also designated as owned or controlled by Iran for purposes of the ban on U.S. trade with Iran.	
<i>Europaisch-Iranische Handelsbank</i> (EIH) for providing financial services to Bank Sepah, Mellat, EDBI, and others.	September 7, 2010
<i>Pearl Energy Company</i> (formed by First East Export Bank, a subsidiary of Bank Mellat, <i>Pearl Energy Services, SA</i> , <i>Ali Afzali</i> (high official of First East Export Bank), IRISL front companies: <i>Ashtead Shipping</i> , <i>Byfleet Shipping</i> , <i>Cobham Shipping</i> , <i>Dorking Shipping</i> , <i>Effingham Shipping</i> , <i>Farnham Shipping</i> , <i>Gomshall Shipping</i> , and <i>Horsham Shipping</i> (all located in the Isle of Man).- IRISL and affiliate officials: <i>Mohammad Hosein Dajmar</i> , <i>Gholamhossein Golpavar</i> , <i>Hassan Jalil Zadeh</i> , and <i>Mohammad Haji Pajand</i> .	November 30, 2010
Bonyad (foundation) Taavon Sepah, for providing services to the IRGC; Ansar Bank (for providing financial services to the IRGC); Mehr Bank (same justification as above); <i>Moallem Insurance Company</i> (for providing marine insurance to IRISL, Islamic Republic of Iran Shipping Lines)	December 21, 2010
<i>Bank of Industry and Mine (BIM)</i>	May 17, 2011
Tidewater Middle East Company; Iran Air; Mehr-e Eqtesad Iranian Investment Co.	June 23, 2011
For proscribed nuclear activities, including centrifuge development and heavy water research: By State—Nuclear Reactor Fuels Company; <i>Noor Afzar Gostar Company</i> ; <b>Fulmen Group</b> ; <b>Yasa Part</b> . By Treasury— <i>Javad Rahiqi</i> ; <b>Modern Industries Technique Company</b> ; <b>Iran Centrifuge Technology Company (TESA)</b> ; <b>Neka Novin</b> ; <b>Parto Sanat</b> ; <b>Paya Partov</b> ; <b>Simatic Development Co</b>	November 21, 2011
Iran Maritime Industrial Company SADRA (owned by IRGC engineering firm Khatem-ol-Anbiya, has offices in Venezuela); Deep Offshore Technology PJS (subsidiary of the above); <i>Malship Shipping Agency and Modality Ltd</i> (both Malta-based affiliates of IRISL); <i>Sayed Alaeddin Sadat Rasool</i> (IRISL legal adviser); <i>Ali Ezati</i> (IRISL strategic planning and public affairs manager)	March 28, 2012
Electronic Components Industries Co. (ECI) and Information Systems Iran (ISIRAN); Advanced Information and Communication Technology Center (AICTC) and Hamid Reza Rabiee (software engineer for AICTC); Digital Medical Lab (DML) and Value Laboratory (owned or controlled by Rabiee or AICTC); Ministry of Defense Logistics Export (MODLEX); Daniel Frosh (Austria) and International General Resourcing FZE—person and his UAE-based firm allegedly supply Iran's missile industry.	July 12, 2012
<i>National Iranian Oil Company</i> ; Tehran Gostaresh, company owned by Bonyad Taavon Sepah; Imam Hossein University, owned by IRGC; Baghyatollah Medical Sciences University, owned by IRGC or providing services to it.	November 8, 2012
Atomic Energy Organization of Iran (AEOI) chief <b>Fereidoun Abbasi Davani</b> ; <i>Sayed Jaber Safdari</i> of Novin Energy, a designated affiliate of AEOI; <i>Morteza Ahmadi Behzad</i> , provider of services to AEOI (centrifuges); <b>Pouya Control</b> —provides goods and services for uranium enrichment; <b>Iran Pooya</b> —provides materials for manufacture of IR-1 and IR-2 centrifuges; <b>Aria Nikan Marine Industry</b> —source of goods for Iranian nuclear program; <b>Amir Hossein Rahimyar</b> —procurer for	December 13, 2012



Iran nuclear program; <i>Mohammad Reza Rezvanianzadeh</i> —involved in various aspects of nuclear program; <b>Faratech</b> —involved in Iran heavy water reactor project; <b>Neda Industrial Group</b> —manufacturer of equipment for Natanz enrichment facility; <b>Tarh O Palayesh</b> —designer of elements of heavy water research reactor; <b>Towlid Abzar Boreshi Iran</b> —manufacturer for entities affiliated with the nuclear program.	
SAD Import Export Company (also designated by U.N. Sanctions Committee a few days earlier for violating Resolution 1747 ban on Iran arms exports, along with Yas Air) for shipping arms and other goods to Syria’s armed forces; Marine Industries Organization—designated for affiliation with Iran Ministry of Defense and Armed Forces Logistics; Mustafa Esbati, for acting on behalf of Marine Industries; Chemical Industries and Development of Materials Group—designated as affiliate of Defense Industries Org.; Doostan International Company—designated for providing services to Iran Aerospace Industries Org, which oversees Iran missile industries.	December 21, 2012
<i>Babak Morteza Zanjani</i> —chairmen of Sorinet Group that Iran uses to finance oil sales abroad; <i>International Safe Oil</i> —provides support to NIOC and NICO; <i>Sorinet Commercial Trust Bankers</i> (Dubai) and <i>First Islamic Investment Bank</i> (Malaysia)—finance NIOC and NICO; <i>Kont Kosmetik</i> and <i>Kont Investment Bank</i> —controlled by Babak Zanjani; <i>Naftiran Intertrade Company Ltd.</i> —owned by NIOC.	April 11, 2013
<i>Iranian-Venezuelan Bi-National Bank (IVBB)</i> , for activities on behalf of the Export Development Bank of Iran that was sanctioned on October 22, 2008 (see above). EDBI was sanctioned for providing financial services to Iran’s Ministry of Defense. <b>Aluminat</b> , for providing centrifuge components to Kalaye Electric Co.	May 9, 2013
For supporting Iran Air, the IRGC, and NIOC: <i>Aban Air</i> ; <i>Ali Mahdavi</i> (part owner of Aban Air); <i>DFS Worldwide</i> ; <i>Everex</i> ; <i>Bahareh Mirza Hossein Yazdi</i> ; <i>Farhad Ali Parvaresh</i> ; <b>Petro Green</b> ; Hossein Vaziri. For helping Iran’s nuclear program: <b>Farhad Bujar</b> ; <b>Zolal Iran Company</b> ; <b>Andisheh Zolal Co.</b> For helping MODAFL: Reza Mozaffarinia.	May 23, 2013
<i>Bukovnya AE</i> (Ukraine) for leasing aircraft to Iran Air.	May 31, 2013
Several Iranian firms and persons: <b>Eyvaz Technic Manufacturing Company</b> ; The Exploration and Nuclear Raw Materials Company; <b>Maro Sanat Company</b> ; Navid Composite Material Company; Negin Parto Khavar; Neka Novin officials <b>Iradj Mohammadi Kahvarin</b> and <b>Mahmoud Mohammadi Dayeni</b> ; Neka Novin alisaes including Kia Nirou; Qods Aviation Industries (operated by IRGC, produces UAVs, paragliders, etc); Iran Aviation Industries Organization; Reza Amidi; Fan Pardazan; Ertebat Gostar Novin.	December 12, 2013
Ali Canko (Turkey) and Tiva Sanat Group, for procuring IRGC-Navy fast boats; <b>Advance Electrical and Industrial Technologies</b> and <b>Pere Puntí</b> (Spain), for procurement for Neka Novin; <i>Ulrich Wipperman</i> and <i>Deutsche Forfait</i> (Germany), and <i>Deutsche Forfait Americas</i> (U.S.) for facilitating oil deals for NIOC.	February 6, 2014
Karl Lee (aka Li Fangwei) and 8 China-based front companies: Sinotech Industry Co. Ltd.; MTTO Industry and Trade Limited; Success Move Ltd.; Sinotech Dalian Carbon and Graphite Manufacturing Corporation; Dalian Zhongchuang Char-White Co., Ltd.; Karat Industry Co., Ltd.; Dalian Zhenghua Maoyi Youxian Gongsi; and Tereal Industry and Trade Ltd.	April 29, 2014
By State: <b>Organization of Defensive Innovation and Research</b> (nuclear esearch); Nuclear Science and Technology Research Institute (implements nuclear projects including heavy water reactor at Arak); <b>Jahan Tech Rooyan Pars</b> ; and <b>Mandegar Baspar Kimiya Company</b> (latter two are involved in procuring carbon fiber for proscribed aspects of Iran’s nuclear program).	April 29, 2014 (by both State and Treasury)
By Treasury: <b>Mohammad Javad Imarad</b> and <b>Arman Imanirad</b> (for acting on behalf of Aluminat, which procures aluminum products for Iran’s nuclear program); <i>Nefertiti Shipping</i> (IRISL’s agent in Egypt); Sazeh Morakab (provides services to Shahid Hemat Industrial Group, SHIG, and Iran’s Aircraft Manufacturing Industrial Co., HESA); Ali Gholami and Marzieh Bozorg (officials of Sazeh Morakab). SHIG aliases identified: Sahand Aluminum Parts Co and Ardalan Machineries Co.	
11 entities involved in procurement on behalf of Iran’s ballistic missile program: Mabrooka Trading Co LLC (UAE); Hossein Pournaghshband; Chen Mingfu; Anhui Land Group (Hong Kong); Candid General Trading; Rahim Reza Farghadani; Sayyed Javad Musavi; Seyed Mirahmad Nooshin; Sayyed Medhi Farahi (deputy director of the Ministry of Defense and Armed Forces Logistics); Seyed Mohammad Hashemi; Mehردادا Akhlaghi Ketabchi. According to the designations, Musavi (has worked with North Korean officials involved in that country’s ballistic missile programs.	January 17, 2016 (Ballistic Missile Entities)



Two Iranian entities subordinate to SHIG: Shahid Nuri Industries and Shahid Movahed Industries. Updating of prior IRGC Missile Command designation to include IRGC Al Ghadir Missile Command (specific IRGC element with operational control of Iran's missile program).	March 24, 2016 (Ballistic Missile Entities)
17 Entities. Abdollah Asgharzadeh Network (for supporting SHIG): Abdollah Asgharzadeh; Tenny Darian; East Start Company; Ofog Sabze Company; Richard Yue (China); Cosailing Business Trading Company (China); Jack Qin (China); Ningbo New Century Import and Export Co. Ltd (China); and Carol Zhou (China). Gulf-Based Rostamian Network (supporting SHIG and AIO): MKS International; Kambiz Rostamian; Royal Pearl General Trading. Iran-Based Network Working with Navid Composite and Mabrooka Trading; Ervin Danesh Aryan Company; Mostafa Zahedi; Mohammad Magham. Ghodrat Zargair and Zist Tajhiz Pooyesh Company (supporting Mabrooka Trading); Ghodrat Zargari, and Zist Tajhiz Pooyesh Company.	February 3, 2017 (Ballistic Missile Entities)
Rahim Ahmadi (linked to Shahid Bakeri Industrial Group); Morteza Farasatpour (linked to Defense Industries Organization); Matin Sanat Nik Andishan (for supporting SHIG); and Ruan Ruling and three associated Chinese companies (for supporting Iran's missile guidance capabilities): Shanghai Gang Quan Trade Company, Shanghai North Begins International, and Shanghai North Transway International Trading Company.	May 17, 2017 (Ballistic Missile Entities)
12 entities designated by Treasury and two by State. By Treasury: Rayan Roshd Afzar Company for IRGC drone and censorship equipment, plus three company officials: Mohsen Parsajam, Seyyed Reza Ghasemi, and Farshad Hekemzadeh; Qeshm Madkandaloo Cooperative Co., Ramor Group (Turkey) and Resit Tavan of Ramor Group for supplying IRGC-Navy infrastructure; Emily Liu, Abascience Tech Co. Ltd, Raybeam Optronics Co. Ltd., Raytronic Corporation Ltd., and Sunway Tech Co. Ltd (all China) for supporting MODAFL subcontractor Shiraz Electronics Industries. By State: IRGC Aerospace Force Self Sufficiency Jihad Org and IRGC Research and Self Sufficiency Jihad Org—both for supporting Iran ballistic missile program.	July 18, 2017 (IRGC/military and ballistic missile suppliers)
Six subordinate entities to Shahid Hemmat Industrial Group (SHIG, main Iran missile contractor) involved in making various components of Iranian missiles: Shaïd Karimi Industries; Shahid Rastegar Industries; Shahid Cheraghi Industries; Shahid Varamini Industries; Shahid Kalhor Industries; and Amir Al Mo'Menin Industries.	July 28, 2017 (missile entities related to Iran Simorgh space launch on July 27)
For supporting Iran's Naval Defence Missile Industry Group (SAIG): Shahid Alamolhoda Industries; Rastafann Ertebat Engineering Company, Fanamoj. For supporting Iran's military: Wuhan Sanjiang Import and Export Company	October 13, 2017 (Defense Industry suppliers)
Five entities that support Iran's ballistic missile program (owned or controlled by Shahid Bakeri Industrial Group, SBIG) : Shahid Kharrazi Industries; Shahid Sanikhani Industries; Shahid Moghaddam Industries; Shahid Eslami Research Center; and Shahid Shustari Industries.	January 4, 2018 (Ballistic missile entities)
Green Wave Telecommunications (Malaysia) and Morteza Razavi (for supporting Fanamoj, designated on October 13, 2017); Iran Helicopter Support and Renewal Company (PANHA) and Iran Aircraft Industries (SAHA) (for supporting Iran's military aviation industry); Shi Yuhua (China) (for selling Iran navigation equipment); Pardazan System Namad Arman (PASNA)(for procuring lead zirconium tritanate (PZT) for Iranian military undersea and aircraft weaponry); and Bochuang Ceramic Inc. and Zhu Yuequn (China) for selling Iran PZT.	January 12, 2018

#### **Iran-Related Entities Sanctioned Under Executive Order 13224 (Terrorism Entities)**

Martyr's Foundation (Bonyad Shahid), a major Iranian foundation (bonyad)—for providing financial support to Hezbollah and PIJ; Goodwill Charitable Organization, a Martyr's Foundation office in Dearborn, Michigan; Al Qard Al Hassan—part of Hezbollah's financial infrastructure (and associated with previously designated Hezbollah entities Husayn al-Shami, Bayt al-Mal, and Yousser Company for Finance and Investment); Qasem Aliq—Hezbollah official, director of Martyr's Foundation Lebanon branch, and head of Jihad al-Bina, a previously designated Lebanese construction company run by Hezbollah; Ahmad al-Shami—financial liaison between Hezbollah in Lebanon and Martyr's Foundation chapter in Michigan.	July 25, 2007
IRGC-Qods Force and Bank Saderat (allegedly used to funnel Iranian money to Hezbollah, Hamas, PIJ, and other Iranian supported terrorist groups)	October 21, 2007
Al Qaeda Operatives in Iran: Saad bin Laden; Mustafa Hamid; Muhammad Rab'a al-Bahtiyti; Alis Saleh Husain.	January 16, 2009
Qods Force senior officers: Hushang Allahdad, Hossein Musavi, Hasan Mortezaavi, and Mohammad Reza Zahedi; Iranian Committee for the Reconstruction of Lebanon, and its director Hesam	August 3, 2010

Khoshnevis, for supporting Lebanese Hezbollah; Imam Khomeini Relief Committee Lebanon branch, and its director Ali Zuraik, for providing support to Hezbollah; Razi Musavi, a Syrian based Iranian official allegedly providing support to Hezbollah.	
Liner Transport Kish (for providing shipping services to transport weapons to Lebanese Hezbollah)	December 21, 2010
Qasem Soleimani (Qods Force commander); Hamid Abdollahi (Qods force); Abdul Reza Shahlai (Qods Force); Ali Gholam Shakuri (Qods Force); Manssor Arbabsiar (alleged plotter)	October 11, 2011
Mahan Air (for transportation services to Qods Force)	October 12, 2011
Ministry of Intelligence and Security of Iran (MOIS)	February 16, 2012
Five entities/persons for weapons shipments to Syria and an October 2011 shipment to Gambia, intercepted in Nigeria: Yas Air (successor to Pars Air); Behineh Air (Iranian trading company); Ali Abbas Usman Jega (Nigerian shipping agent); Qods Force officers: Esmail Ghani, Sayyid Ali Tabatabaei, and Hosein Aghajani.	March 27, 2012
Mohammad Minai, senior Qods Force member involved in Iraq; Karim Muhsin al-Ghanimi, leader of Kata'ib Hezbollah (KH) militia in Iraq; Sayiid Salah Hantush al-Maksusi, senior KH member; and Riyad Jasim al-Hamidawi, Iran based KH member.	November 8, 2012
Ukraine-Mediterranean Airlines (Um Air, Ukraine) for helping Mahan Air and Iran Air conduct illicit activities; Rodrigue Elias Merhej (owner of Um Air); Kyrgyz Trans Avia (KTA, Kyrgyzstan) for leasing aircraft to Mahan Air; Lidia Kim, director of KTA; Sirjanco (UAE) for serving as a front for Mahan Air acquisition of aircraft; Hamid Arabnejad, managing director of Mahan Air.	May 31, 2013
Several persons/entities in UAE aiding Mahan Air (see above): Blue Sky Aviation FZE; Avia Trust FZE; Hamidreza Malekouti Pour; Pejman Mahmood Kosrayanifard; and Gholamreza Mahmoudi.	February 6, 2014
Several IRGC-Qods Force offices or facilitators involved in Iran's efforts in Afghanistan: Sayyed Kamal Musavi; Alireza Hemmati; Akbar Seyed Alhosseini; and Mahmud Afkhani Rashidi.	
One Iran-based Al Qaeda facilitator (supporting movement of Al Qaeda affiliated fighters to Syria): Olimzhon Adkhamovich Sadikov (aka Jafar al-Uzbeki or Jafar Muidinov).	
Meraj Air (for delivering weapons to Syria from Iran); Caspian Air (supports IRGC by transporting personnel and weapons to Syria); Sayyed Jabar Hosseini (manager of Liner Transport Kish which IRGC uses to support terrorist activities outside Iran); Pioneer Logistics (Turkey, helps Mahan Air evade sanctions); Asian Aviation Logistics (Thailand, helps Mahan Air evade sanctions). Pouya Air designated as alias of Yas Air.	August 29, 2014
Al Naser Airlines (Iraq) for transferring nine aircraft to Mahan Air, which is a 13224 designee: Issam Shamout, a Syrian businessman, and his company Sky Blue Bird Aviation, for the same transaction.	May 21, 2015
Four U.K.-based and two UAE-based entities for supporting Mahan Air. U.K.: Jeffrey John James Ashfield; Aviation Capital Solutions; Aircraft, Avionics, Parts and Support Ltd (AAPS); John Edward Meadows (for acting on behalf of AAPS). UAE: Grandeur General Trading FZE and HSI Trading FZE.	March 24, 2016
Eight Entities. Lebanon-Based IRGC-QF Network: Hasan Dehghan Ebrahimi (IRGC-QF operative in Beirut supporting Hezbollah); Muhammad Abd-al-Amir Farhat; Yahya al-hajj; Maher Trading and Construction Company (laundering funds and smuggling goods to Hezbollah); Reem Pharmaceutical; Mirage for Engineering and Trading; Mirage for Waste Management and Environmental Services. Ali Sharifi (for procuring aviation spare parts for the IRGC-QF).	February 3, 2017
Islamic Revolutionary Guard Corps (IRGC)	October 13, 2017
Six entities involved in IRGC-QF currency counterfeiting scheme: Reza Heidari; Pardazesh Tasvir Rayan Co. (Rayan Printing); ForEnt Technik and Printing Trade Center GmbH (Germany); Mahmoud Seif; Tejarat Almas Mobin Holding (parent of Rayan Printing).	November 20, 2017

#### Determinations and Sanctions under the Iran Sanctions Act

Total SA (France); Gazprom (Russia); and Petronas (Malaysia)—\$2 billion project to develop South Pars gas field. ISA violation determined but sanctions waived in line with U.S.-EU agreement for EU to cooperate on antiterrorism and antiproliferation issues and not file a complaint at the WTO. Then-Secretary of State Albright, in the May 18, 1998, waiver announcement indicated that similar future such projects by EU firms in Iran would not be sanctioned. ( <a href="http://www.parstimes.com/law/">http://www.parstimes.com/law/</a> )	May 18, 1998
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albright_southpars.html). <i>Violation determined but sanctions waived.</i>	
Naftiran Intertrade Co. (NICO), Iran and Switzerland. Sanctioned for activities to develop Iran's energy sector. <i>Sanctions lifted under JCPOA.</i>	Sept. 30, 2010
Total (France); Statoil (Norway); ENI (Italy); and Royal Dutch Shell. <i>Exempted under ISA "special rule" for pledging to wind down work on Iran energy fields.</i>	Sept. 30, 2010
Inpex (Japan) <i>Exempted under the Special rule for divesting its remaining 10% stake in Azadegan oil field.</i>	Nov. 17, 2010
Belarusneft (Belarus, subsidiary of Belneftekhim) Sanctioned for \$500 million contract with NICO (see above) to develop Jofeir oil field. Other subsidiaries of Belneftekhim were sanctioned in 2007 under E.O. 13405 (Belarus sanctions). <i>Sanctions remain.</i>	March 29, 2011
Petrochemical Commercial Company International (PCCI) of Bailiwick of Jersey and Iran; Royal Oyster Group (UAE); Tanker Pacific (Singapore); Allvale Maritime (Liberia); Societe Anonyme Monegasque Et Aerienne (SAMAMA, Monaco); Speedy Ship (UAE/Iran); Associated Shipbroking (Monaco); and Petroleos de Venezuela (PDVSA, Venezuela). Sanctioned under CISADA amendment to ISA imposing sanctions for selling gasoline to Iran or helping Iran import gasoline. Allvale Maritime and SAMAMA determinations were issued on September 13, 2011, to "clarify" the May 24 determinations that had named Ofer Brothers Group. The two, as well as Tanker Pacific, are affiliated with a Europe-based trust linked to deceased Ofer brother Sami Ofer, and not Ofer Brothers Group based in Israel. Firms named subjected primarily to the financial sanctions provided in ISA. U.S.-based subsidiaries of PDVSA, such as Citgo, were not sanctioned. <i>Sanctions lifted under JCPOA.</i>	May 24, 2011
Zhuhai Zhenrong Co. (China); Kuo Oil Pte Ltd. (Singapore); FAL Oil Co. (UAE) Sanctioned for brokering sales or making sales to Iran of gasoline. <i>Sanctions lifted under JCPOA.</i>	Jan. 12, 2012
Syrol (Syria), for sales of gasoline to Iran. <i>Sanctions remain.</i>	Aug. 12, 2012
Dr. Dimitris Cambis; Impire Shipping; Kish Protection and Indemnity (Iran); and Bimeh Markasi-Central Insurance of Iran (CII, Iran) Sanctioned under ISA provision on owning vessels that transport Iranian oil or providing insurance for the shipments. Treasury sanctions also imposed on eight UAE-based oil traders that concealed the transactions. <i>Sanctions lifted under JCPOA.</i>	Mar. 14, 2013
Tanker Pacific; SAMAMA; and Allvale Maritime Sanctions lifted. <i>Special rule applied after "reliable assurances" they will not engage in similar activity in the future.</i>	April 12, 2013
Ferland Co. Ltd. (Cyprus and Ukraine) Sanctioned for cooperating with National Iranian Tanker Co. to illicitly sell Iranian crude oil. <i>Sanctions lifted under JCPOA.</i>	May 31, 2013
Dettin SPA Sanctioned. Italy-based company sanctioned for providing goods and services to Iran's petrochemical industry. <i>Sanctions lifted under JCPOA.</i>	August 29, 2014

**Entities Sanctioned Under the Iran North Korea Syria Nonproliferation Act or Executive Order 12938 for Iran-Specific Violations**

**The designations are under the Iran, North Korea, Syria Nonproliferation Act (INKSNA) unless specified. These designations expire after two years, unless redesignated**

Baltic State Technical University and Glavkosmos, both of Russia. (Both "delisted" in 2010)	July 30, 1998
D. Mendeleev University of Chemical Technology of Russia and Moscow Aviation Institute (Both removed on May 21, 2010)	January 8, 1999
Changgwang Sinyong Corp. (North Korea)	January 2, 2001

Changgwang Sinyong Corp. (North Korea) and Jiangsu Yongli Chemicals and Technology Import-Export (China)	June 14, 2001
Three entities from China	January 16, 2002
Armen Sargsian and Lizen Open Joint Stock Co. (Armenia); Cuanta SA and Mikhail Pavlovich Vladov (Moldova); and eight China entities	May 9, 2002
Norinco (China). For alleged missile technology sale to Iran.	May 2003
Taiwan Foreign Trade General Corporation (Taiwan)	July 4, 2003
Tula Instrument Design Bureau (Russia). For alleged sales of laser-guided artillery shells to Iran. (Also designated under Executive Order 12938)	September 17, 2003, removed May 21, 2010
13 entities sanctioned including companies from Russia, China, Belarus, Macedonia, North Korea, UAE, and Taiwan.	April 1, 2004
14 entities from China, North Korea, Belarus, India (two nuclear scientists, Dr. Surendar and Dr. Y.S.R. Prasad), Russia, Spain, and Ukraine.	September 23, 2004
14 entities, mostly from China, for supplying of Iran's missile program. Designations included North Korea's Changgwang Sinyong and China's Norinco and Great Wall Industry Corp, have been sanctioned several times previously. Others sanctioned included: North Korea's Paeksan Associated Corporation, and Taiwan's Ecoma Enterprise Co.	December 2004 and January 2005
Nine entities, including those from China (Norinco, Hondu Aviation, Dalian Sunny Industries, Zibo Chemet Equipment); India (Sabero Organicx Chemicals and Sandhya Organic Chemicals); and Austria (Steyr Mannlicher GmbH). Sanctions against Dr. Surendar of India (see September 29, 2004) were ended, presumably because of information exonerating him.	December 23, 2005
Two Indian chemical companies (Balaji Amines and Prachi Poly Products); two Russian firms (Rosobornexport and aircraft manufacturer Sukhoi); two North Korean entities (Korean Mining and Industrial Development, and Korea Pugang Trading); and one Cuban entity (Center for Genetic Engineering and Biotechnology).	July 28, 2006
Abu Hamadi (Iraq); Aerospace Logistics Services (Mexico); Al Zargaa Optical and Electronics (Sudan); Alexey Safonov (Russia); Arif Durrani (Pakistan)China National Aero Technology Import-Export (China); China National Electronic Import Export (China); Defense Industries Org. (Iran); Giad Industrial Complex (Sudan); Iran Electronics Industry (Iran); Kal al-Zuhiry (Iraq); Kolomna Design Bureau of Machine Building (Russia); NAB Export Co. (Iran); Rosoboronexport (Russia); Sanam Industrial Group (Iran); Target Airfreight (Malaysia); Tula Design Bureau of Instrument Building (Russia); Yarmouk Industrial Complex (Sudan) Zibo Chemet Equipment Co. (China)	December 28, 2006
Rosobornexport, Tula Design, and Komna Design Office of Machine Building, and Alexei Safonov (Russia); Zibo Chemical, China National Aerotechnology, and China National Electrical (China). Korean Mining and Industrial Development (North Korea) for WMD or advanced weapons sales to Iran (and Syria).	January 2007 (see below for Tula and Rosoboronexport removal)
14 entities, including Lebanese Hezbollah. Some were penalized for transactions with Syria. Among the new entities sanctioned for assisting Iran were Shanghai Non-Ferrous Metals Pudong Development Trade Company (China); Iran's Defense Industries Organization; Sokkia Company (Singapore); Challenger Corporation (Malaysia); Target Airfreight (Malaysia); Aerospace Logistics Services (Mexico); and Arif Durrani (Pakistani national).	April 17, 2007
China Xinshidai Co.; China Shipbuilding and Offshore International Corp.; Huazhong CNC (China); IRGC; Korea Mining Development Corp. (North Korea); Korea Taesong Trading Co. (NK); YolIn/Yullin Tech, Inc. (South Korea); Rosoboronexport (Russia sate arms export agency); Sudan Master Technology; Sudan Technical Center Co; Army Supply Bureau (Syria); R and M International FZCO (UAE); Venezuelan Military Industries Co. (CAVIM). (Rosoboronexport removed May 21, 2010.)	October 23, 2008
BelTechExport (Belarus); Dalian Sunny Industries (China); Defense Industries Organization (Iran); Karl Lee; Shahid Bakeri Industries Group (SBIG); Shanghai Technical By-Products International (China); Zibo Chemet Equipment (China)	July 14, 2010
16 entities: Belarus: Belarusian Optical Mechanical Association; Beltech Export; China: Karl Lee; Dalian	May 23, 2011

Sunny Industries; Dalian Zhongbang Chemical Industries Co.; Xian Junyun Electronic; Iran: Milad Jafari; DIO; IRISL; Qods Force; SAD Import-Export; SBIG; North Korea: Tangun Trading; Syria: Industrial Establishment of Defense; Scientific Studies and Research Center; Venezuela: CAVIM.	
Belvneshpromservice (Belarus); Dalian Sunny Industries (China); Defense Industries Organization (Iran); Karl Lee (China); SAD Import-Export (Iran); Zibo Chemet Equipment Co. (Iran); F	December 20, 2011
Al Zargaa Engineering Complex (Sudan); BST Technology and Trade Co. (China); China Precision Machinery Import and Export Co. (China); Dalian Sunny Industries (China); Iran Electronics Industries (Iran); Karl Lee (China); Marine Industries Organization (Iran); Milad Jafari (Iran); Poly Technologies (China); Scientific and Industrial Republic Unitary Enterprise (Belarus); SMT Engineering (Sudan); TM Services Ltd. (Belarus); Venezuelan Military Industry Co. (CAVIM, Venezuela).	February 5, 2013 (these designations, and prior designations above, have expired)
Al Zargaa Engineering Complex (Sudan); Belvneshpromservice (Belarus); HSC Mic NPO Mashinostroyeniya (Russia); Russian Aircraft Corporation (MiG); Giad Heavy Industries Complex (Sudan); Sudan Master Technologies (Sudan); Military Industrial Corps. (Sudan); Yarmouk Industrial Complex (Sudan); Venezuelan Military Industry Co. (CAVIM, Venezuela)	December 19, 2014. Sanctions still active. Syria designations not included
BST Technology and Trade Co. (China); Dalian Sunny Industries (China); Li Fang Wei (China); Tianjin Flourish Chemical Co. (China); Qods Force Commander Qasem Soleimani; IRGC; Rock Chemie (Iran); Polestar Trading Co. Ltd. (North Korean entity in China); RyonHap-2 (North Korea) Tula Instrument Design Bureau (Russia); Joint Stock Co. Katod (Russia); JSC Mic NPO Mashinostroyeniya (Russia); Rosoboronexport (Russia) Russian Aircraft Corp. MiG (Russia); Sudanese Armed Forces (Sudan); Vega Aeronautics (Sudan); Yarmouk Complex (Sudan); Hezbollah; Eliya General Trading (UAE).	August 28, 2015. Sanctions still active. Designations that applied to Syria or North Korea not included.
Asaib Ahl Haq (Iraqi Shiite militia); Katai'b Hezbollah (Iraqi militia); IRGC; Shahid Moghadam-Yazd Marine Industries (Iran); Shiraz Electronic Industries (Iran); Hezbollah; Military Industrial Corp. (Sudan); Khartoum Industrial Complex (Sudan); Khartoum Military Industrial Complex (Sudan); Luwero Industries (Uganda)	June 28, 2016 Sanctions still active.
11 entities sanctions for transfers of sensitive items to Iran's ballistic missile program (all China except as specified: Beijing Zhong Ke Electric Co.; Dalian Zenghua Maoyi Youxian Gongsi; Jack Qin; Jack Wang; Karl Lee; Ningbo New Century Import and Export Co.; Shenzhen Yataida High-Tech Company; Sinotech Dalian Carbon and Graphite Corp.; Sky Rise Technology (aka Reekay); Saeng Pil Trading Corp. (North Korea); Mabrooka Trading (UAE)	March 21, 2017

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**Entities Designated under the Iran-Iraq Arms Non-Proliferation Act of 1992  
(all designations have expired or were lifted)**

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Mohammad al-Khatib (Jordan); Protech Consultants Private (India)	December 13, 2003
China Machinery and Electric Equipment Import and Export Corp. (China); China Machinery and Equipment Import-Export Co. (China); China National Machinery and Equipment Import-Export Co. (China); China Shipbuilding Trading Co. (China); CMEC Machinery (China); Hans Raj Shiv (India); Jiangsu Youngli Chemicals and Technology Import-Export Co. (China); Q.C. Chen (China); Wha Cheong Tai Co. Ltd. (China).	July 9, 2002

**Entities Designated as Threats to Iraqi Stability under Executive Order 13438 (July 17, 2007)**

Ahmad Forouzandeh. Commander of the Qods Force Ramazan Headquarters, accused of fomenting sectarian violence in Iraq and of organizing training in Iran for Iraqi Shiite militia fighters; Abu Mustafa al-Sheibani. Iran based leader of network that funnels Iranian arms to Shiite militias in Iraq; Isma'il al-Lami (Abu Dura). Shiite militia leader, breakaway from Sadr Mahdi Army, alleged to have committed mass kidnappings and planned assassination attempts against Iraqi Sunni politicians; Mishan al-Jabburi. Financier of Sunni insurgents, owner of pro-insurgent Al-Zawra television; Al Zawra Television Station.	January 8, 2008
Abdul Reza Shahlai, a deputy commander of the Qods Force; Akram Abbas Al Kabi, leader of Mahdi Army "Special Groups"; Harith Al Dari, Sunnis Islamist leader (Secretary General of the Muslim Scholars' Association; Ahmad Hassan Kaka Al Ubaydi, ex-Baathist leader of Sunni insurgents based in Iraq's Kirkuk Province; and three person/entities designated for operating Syria-based media that support Iraqi Sunni insurgents: Al Ray Satellite TV Channel, and Suraqiya for Media and Broadcasting, owned by Mish'an Al Jabburi (see above), and Raw'a Al Usta (wife of Al Jabburi.	September 16, 2008
Khata'ib Hezbollah (pro-Iranian Mahdi splinter group); Abu Mahdi al-Muhandis	July 2, 2009

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**Iranians Designated Under, Executive Order 13553 on Human Rights Abusers (September 29, 2010)**

These persons are contained in a semiannual report to Congress, required under CISADA. Virtually all of the persons on this list, and those listed under Executive order 13628 (below) are designated as human rights abusers by the European Union. The EU list contains 87 individuals, including several province-level prosecutors

Eight persons: IRGC Commander Mohammad Ali Jafari; Minister of Interior at time of June 2009 elections Sadeq Mahsouli; Minister of Intelligence at time of elections Qolam Hossein Mohseni-Ejei; Tehran Prosecutor General at time of elections Saeed Mortazavi; Minister of Intelligence Heydar Moslehi; Former Defense Minister Mostafa Mohammad Najjar; Deputy National Police Chief Ahmad Reza Radan; Basij (security militia) Commander at time of elections Hossein Taeb	September 29, 2010
Two persons: Tehran Prosecutor General Abbas Dowlatabadi (appointed August 2009), for indicting large numbers of protesters; Basij forces commander Mohammad Reza Naqdi (headed Basij intelligence during 2009 protests)	February 23, 2011
Four entities: Islamic Revolutionary Guard Corps (IRGC); Basij Resistance Force; Law Enforcement Forces (LEF); LEF Commander Ismail Ahmad Moghadam	June 9, 2011
Two persons: Chairman of the Joint Chiefs of Staff Hassan Firouzabadi; Deputy IRGC Commander Abdollah Araghi	December 13, 2011
One entity: Ministry of Intelligence and Security of Iran (MOIS)	February 16, 2012
One person: Ashgar Mir-Hejazi for human rights abuses on/after June 12, 2009, and for providing material support to the IRGC and MOIS.	May 30, 2013
One entity: Aabysec, for training the IRGC in cyber tradecraft and supporting its development of offensive information operations capabilities.	December 30, 2014
One entity and One person: Tehran Prisons Organization. For severe beating of prisoners at Evin Prison in April 2014; Sohrab Soleimani (brother of IRGC-QF commander) as head of Tehran Prisoners Organization at the time of the attack above. Heads State Prisons Organization.	April 13, 2017
Persons and entities designated following repression of December 2017-January 2018 protests: Judiciary head Sadeq Amoli Larijani (highest-ranking Iranian official sanctioned by the United States); Rajaei Shahr Prison; and Gholmreza Ziaei	January 12, 2018

**Iranian Entities Sanctioned Under Executive Order 13572 for Repression of the Syrian People (April 29, 2011)**

Revolutionary Guard—Qods Force (IRGC-QF)	April 29, 2011
Qasem Soleimani (Qods Force Commander); Mohsen Chizari (Commander of Qods Force operations and training)	May 18, 2011
Ministry of Intelligence and Security (MOIS)	February 16, 2012

**Iranian Entities Sanctioned Under Executive Order 13606 (GHRAVITY, April 23, 2012)**

Ministry of Intelligence and Security (MOIS); IRGC (Guard Cyber Defense Command); Law Enforcement Forces; Datak Telecom	April 23, 2012
IRGC Electronic Warfare and Cyber Defense Organization	January 12, 2018

**Entities Sanctioned Under Executive Order 13608 Targeting Sanctions Evaders (May 1, 2012)**

<i>Ferland Company Ltd.</i> for helping NITC deceptively sell Iranian crude oil	May 31, 2013
Three persons based in the Republic of Georgia: <i>Pourya Nayebi, Houshang Hosseinpour, and Houshang Farsoudeh.</i>	February 6, 2014
Eight firms owned or controlled by the three: <i>Caucasus Energy (Georgia); Orchidea Gulf Trading (UAE and/or Turkey); Georgian Business Development (Georgia and/or UAE); Great Business Deals (Georgia and/or UAE); KSN Foundation (Lichtenstein); New York General Trading (UAE); New York Money Exchange (UAE and/or Georgia); and European Oil Traders (Switzerland).</i>	



### Entities Names as Iranian Government Entities Under Executive Order 13599 (February 5, 2012)

Hundreds of entities—many of which are names and numbers of individual ships and aircraft—are designated under this Order, or were earlier designated as entities owned or controlled by the government of Iran (and were subsequently added to the 13599 list). The full list can be accessed at: <https://www.treasury.gov/ofac/downloads/13599/13599list.pdf>

Below are selected entities that were designated as Iran owned or controlled before and after the issuance of E.O. 13599. Those in italics were delisted for secondary sanctions, but remain designated as entities with which U.S. persons are prohibited from conducting transactions.

Two insurance companies: <i>Bimeh Iran Insurance Company (U.K.) Ltd.</i> and <i>Iran Insurance Company.</i>	June 16, 2010
20 Petroleum and Petrochemical Entities: <i>MSP Kala Naft Co. Tehran; Kala Limited; Kala Pension Trust Limited; National Iranian Oil Company PTE Ltd; Iranian Oil Company (U.K.) Ltd.; NIOC International Affairs (London) Ltd.; Naftiran Trading Services Co. (NTS) Ltd.; NICO Engineering Ltd.; National Petrochemical Company; Iran Petrochemical Commercial Company; NPC International Ltd.; Intra Chem Trading GmbH; Petrochemical Commercial Company International Ltd.; P.C.C. (Singapore) Private Ltd.; Petrochemical Commercial Company FZE; Petrochemical Commercial Company (U.K.) Ltd.; Petrolran Development Company (PEDCO) Ltd.; Petropars Ltd.; Petropars International FZE; Petropars U.K. Ltd.</i>	
Central Bank of Iran (aka Bank Markazi)	February 12, 2012
Shipping Companies: <i>Arash Shipping Enterprises Ltd.; Arta Shipping Enterprises Ltd.; Asan Shipping Enterprise Ltd.; Caspian Maritime Ltd.; Danesh Shipping Co. Ltd.; Davar Shipping Co. Ltd.; Dena Tankers FZE; Good Luck Shipping LLC; Hadi Shipping Company Ltd.; Haraz Shipping Company Ltd.; Hatef Shipping Company Ltd.; Hirmand Shipping Company Ltd.; Hoda Shipping Company Ltd.; Homa Shipping Company Ltd.; Honar Shipping Company Ltd.; Mehran Shipping Company Ltd.; Mersad Shipping Company Ltd.; Minab Shipping Company Ltd.; Pars Petrochemical Shipping Company; Proton Petrochemicals Shipping Ltd; Saman Shipping Company Ltd.; Sarv Shipping Company Ltd.; Sepid Shipping Company Ltd.; Sima Shipping Company Ltd.; Sina Shipping Company Ltd.; TC Shipping Company Ltd.</i>	July 12, 2012
Energy Firms: <i>Petro Suisse Intertrade Company (Switzerland); Hong Kong Intertrade Company (Hong Kong); Noor Energy (Malaysia); Petro Energy Intertrade (Dubai, UAE)</i> (all four named as front companies for NIOC, Naftiran Intertrade Company, Ltd (NICO), or NICO Sarl)	
58 vessels of National Iranian Tanker Company (NITC)	
Banks: <i>Ansar Bank; Future Bank B.S.C; Post Bank of Iran; Dey Bank; Eghtesad Novin Bank; Hekmat Iranian Bank; Iran Zamin Bank; Islamic Regional Cooperation Bank; Joint Iran-Venezuela Bank; Karafarin Bank; Mehr Iran Credit Union Bank; Parsian Bank; Pasargad Bank; Saman Bank; Sarmayeh Bank; Tat Bank; Tosee Taavon Bank; Tourism Bank; Bank-e Shahr; Credit Institution for Development</i>	
Entities and persons helping Iran evade oil shipping sanctions: <i>Dimitris Cambis; Impire Shipping Co.; Libra Shipping SA; Monsoon Shipping Ltd.; Koning Marine Ltd.; Blue Tanker Shipping SA; Jupiter Seaways Shipping; Hercules International Ship; Hermis Shipping SA; Garbin Navigation Ltd.; Grace Bay Shipping Inc; Sima General Trading Co. FZE; Polinex General Trading LLC; Asia Energy General Trading; Synergy General Trading FZE.</i>	March 14, 2013
<i>Sambouk Shipping FZC</i> , which is tied to Dr. Dimitris Cambis and his network of front companies.	May 9, 2013
Eight petrochemicals companies: <i>Bandar Imam; Bou Ali Sina; Mobin; Nouri; Pars; Shahid Tondgooyan; Shazand; and Tabriz.</i>	May 31, 2013
Six individuals including <i>Seyed Nasser Mohammad Seyyedi</i> , director of Sima General Trading who is also associated with NIOC and NICO. The other 5 persons sanctioned manage firms associated with NIOC and NICO.	September 6, 2013
Four businesses used by Seyyedi to assist NIOC and NICO front companies: <i>AA Energy FZCO; Petro Royal FZE; and KASB International LLC (all in UAE); and Swiss Management Services Sarl.</i>	
Execution of Imam's Order (EIKO) and entities under its umbrella, designated for hiding assets on behalf of the government of Iran's leadership: <i>Tosee e Eqtesad Ayandehsazan Company (TEACO); Tadbir Economic Development Company (Tadbir Group); Tadbir Investment Company; Modaber; Tadbir Construction Development Company; Tadbir Energy Development Group; Amin Investment Bank; Pardis Investment Company; Mellat Insurance Company; Rey Investment Company; Reyco GmbH; MCS International GmbH (Mannesman Cylinder Systems); MCS Engineering (Efficient Provider Services GmbH); Golden Resources Trading Company LLC. (GRTC); Cylinder System Ltd. (Cylinder System DDO); One Vision Investments 5 (Pty) Ltd.; One Class Properties (Pty) Ltd.; Iran and Shargh Company; Iran and Shargh Leasing Company; Tadbir Brokerage Company; Rafsanjan Cement Company; Rishmak Productive and Exports</i>	January 4, 2013

Company; Omid Rey Civil and Construction Company; Behsaz Kashane Tehran Construction Company; Royal Arya Company; Hormuz Oil Refining Company; Ghaed Bassir Petrochemical Products Company; Persia Oil and Gas Industry Development Company; Pars Oil Company; Commercial Pars Oil Company; Marjan Petrochemical Company; Ghadir Investment Company; Sadaf Petrochemical Assaluyeh Company; Polynar Company; Pars MCS; Arman Pajouh Sabzevaran Mining Company; Oil industry Investment Company; Rey Niru Engineering Company.

Five Iranian banks: *Khavarmianeh Bank, Ghavamin Bank, Gharzolhasaneh Bank, Kish International Bank, and Kafolatbank* (Tajikistan). August 29, 2014

**Entities Sanctioned Under Executive Order 13622 for Oil and Petrochemical Purchases from Iran and Precious Metal Transactions with Iran (July 30, 2012)**

All entities were delisted (and are italicized) and the Order was revoked to implement the JCPOA

*Jam Petrochemical Company* (for purchasing petrochemical products from Iran); *Niksima Food and Beverage JLT* (for receiving payments on behalf of Jam Petrochemical). May 31, 2013

*Asia Bank* (for delivering from Moscow to Tehran of \$13 million in U.S. bank notes paid to representatives of the Iranian government). August 29, 2014

Five individuals and one company for helping Iran acquire U.S. banknotes: *Hossein Zeidi, Seyed Kamal Yasini, Azizullah Qulandary, Asadollah Seifi, Teymour Ameri, and Belfast General Trading*. December 30, 2014

*Anahita Nasirbeik*—Asia Bank official (see above).

**Entities Sanctioned under the Iran Freedom and Counter-Proliferation Act (IFCA, P.L. 112-239)**

*Goldentex FZE (UAE)* August 29, 2014

**Entities Designated as Human Rights Abusers or Limiting Free Expression under Executive Order 13628 (October 9, 2012, E.O pursuant to Iran Threat Reduction and Syria Human Rights Act)**

Ali Fazli, deputy commander of the Basij; Reza Taghipour, Minister of Communications and Information Technology; LEF Commander Moghaddam (see above); Center to Investigate Organized Crime (established by the IRGC to protect the government from cyberattacks; Press Supervisory Board, established in 1986 to issue licenses to publications and oversee news agencies; Ministry of Culture and Islamic Guidance; Rasool Jalili, active in assisting the government's Internet censorship activities; Anm Afzar Goster-e-Sharif, company owned by Jalili, above, to provide web monitoring and censorship gear; PkyAsa, another company owned by Jalili, to develop telecom software. November 8, 2012

Islamic Republic of Iran Broadcasting (IRIB) and Ezzatollah Zarghami (director and head of IRIB); Iranian Cyber Police (filters websites and hacks email accounts of political activists); Iranian Communications Regulatory Authority (filters Internet content); Iran Electronics Industries (producer of electronic systems and products including those for jamming, eavesdropping February 6, 2013

Committee to Determine Instances of Criminal Content for engaging in censorship activities on/after June 12, 2009; Ofogh Saber Engineering Development Company for providing services to the IRGC and Ministry of Communications to override Western satellite communications. May 30, 2013

Morteza Tamaddon for cutting mobile phone communications and harassing opposition leaders Mir Hosein Musavi and Mehdi Karrubi when Tamaddon was governor-general of Tehran Province in 2009. May 23, 2014

Douran Software Technologies, for acting on behalf of the Committee to Determine Instances of Criminal Content (see above). December 30, 2014

Two entities that blocked social media sites and websites: Supreme Council for Cyberspace, and National Cyberspace Center January 12, 2018

**Entities Designated under E.O. 13645 on Auto production, Rial Trading, and Precious Stones (June 3, 2013)**

All entities were delisted (and are italicized) and the Order was revoked to implement the JCPOA

Five entities/persons supporting NITC: *Mid Oil Asia* (Singapore); *Singa Tankers* (Singapore); *Siqiriya Maritime* (Philippines); *Ferland Company Limited* (previously designated under other E.O.); *Vitaly Sokolenko* (general manager of Ferland). December 12, 2012

Three entities/persons for deceptive Iran oil dealings: *Saeed Al Aqili* (co-owner of Al Aqili Group LLC); *Al Aqili Group LLC*; *Anwar Kamal Nizami* (Dubai-based Pakistani facilitator, manages bank relations for April 29, 2014

affiliates of Al Aqili and Al Aqili Group. Also works for *Sima General Trading*, sanctioned under E.O. 13599).

*Faylaca Petroleum* (for obscuring the origin of Iranian sales of gas condensates); *Lissome Marine Services LLC* and six of its vessels (for supporting NITC with ship-to-ship transfers); *Abdelhak Kaddouri* (manages Iranian front companies on behalf of NICO); *Mussafer Polat* (for obscuring origin of Iran's gas condensate sales); *Seyedeh Hanje Seyed Nasser Seyyedi* (managing director of Faylaca). August 29, 2014

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#### Entities Designated under Executive Order 13581 on Transnational Criminal Organizations (July 24, 2011)

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Four individuals/entities: Ajily Software Procurement Group, Andisheh Vesal Middle East Company, Mohammed Saeed Ajily, and Mohammed Reza Rezkhah. For stealing engineering software programs from U.S. and other Western firms and selling them to Iranian military and government entities. July 18, 2017

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#### Entities Designated under Executive Order 13694 on Malicious Cyber Activities (April 1, 2015)

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Eight individuals/entities: ITSec Team, for 2011-12 distributed denial of services attacks on U.S. banks, acting on behalf of the IRGC; and Ahmad Fathi, Amin Shokohi, and Hamid Firoozi (for working for or with ITSec). Four persons working for or with Mersad Co, an IRGC-affiliate firm indicted in 2016 for computer disruption/botnet/malware activities in 2012-13 targeting 24 U.S. financial sector companies: Sadegh Ahmazadegand; Sina Keissar; Omid Ghaffarinia; and Nader Saedi. September 14, 2017

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