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U.S. Sanctions on Iran

Since the Iranian Revolution of 1979, the United States has used sanctions of various types as key tools of U.S. policy toward the government of Iran. The U.S. government uses sanctions to deter, constrain, and encourage change in the adversarial behavior of the Iranian regime, including its support for international terrorism, nuclear and missile development programs and proliferation activities, destabilizing regional interventions, and human rights abuses. Congress has played a leading role in shaping U.S. policy, enacting legislation to authorize and oversee successive Administrations' implementation of Iran-related sanctions. U.S. sanctions have adversely affected Iran's economy but Iranian government behavior remains a threat to U.S. interests and those of partners including Israel.

U.S. sanctions on Iran target activities and persons (i.e., entities and individuals) inside or outside Iran to deter, disincentivize support for, and constrain Iran's ability to perpetuate its adversarial behaviors. Primary sanctions impose restrictions on those behaviors and persons directly involved with them. Secondary sanctions seek to deter third parties from engaging with primary targets. Primary and secondary sanctions may include blocking U.S.-based assets, prohibiting transactions with U.S. persons, limiting use of U.S. financial instruments, denying entry into the United States, and prosecuting sanctions violations and evasions.

U.S. sanctions on Iran are arguably the most extensive and comprehensive set of sanctions that the United States maintains on any country. Thousands of persons (Iranian and non-Iranian) have been designated for sanctions related to Iran. Reflecting the complex legal framework of U.S. sanctions on Iran, many persons have been designated under multiple authorities; designation under multiple authorities may not confer additional restrictions but may affect how sanctions may be lifted.

Current Sanctions Landscape

U.S. sanctions on Iran **block Iranian government assets** in the United States, **ban nearly all U.S. trade** with Iran, and **prohibit foreign assistance and arms sales**. U.S. law authorizes sanctions targeting

- Iran's **energy sector**, including foreign corporations that invest in it and entities that buy, sell, or transport Iranian oil;
- Iran's **financial sector**, including its Central Bank;
- Additional sectors of Iran's economy, including **shipping, construction, mining, textiles, automotive, and manufacturing**, as well as entities that conduct transactions with, or otherwise provide support for, those sectors;
- **Arms trade to or from Iran**; and

- Many components of **Iran's government** (including the **Supreme Leader and the Islamic Revolutionary Guard Corps, IRGC**), including entities that conduct transactions with or otherwise support them.

Per Department of the Treasury's Office of Foreign Asset Control (OFAC), the United States "maintains broad authorizations and exceptions that allow for the sale of food, medicine, and medical devices by U.S. persons or from the United States to Iran." U.S. law permits, under certain circumstances, the use of funds generated by the sale of Iranian oil abroad for humanitarian trade. Beyond those humanitarian exemptions, the U.S. Treasury has issued general licenses to authorize otherwise prohibited transactions for specific purposes, such as the provision of telecommunications equipment to Iranians to circumvent their government's attempts to cut off internet access.

Background

The 1979 overthrow of the Shah (Iran's former ruler and a staunch U.S. ally) and establishment of the Islamic Republic initiated decades of animosity between the United States and Iran. The Carter Administration initially imposed sanctions to press for the release of U.S. Embassy staff taken as hostages in 1979; the executive branch and Congress expanded U.S. sanctions in the 1980s and 1990s as U.S. policy interests evolved to include compelling Iran to cease its support of acts of international terrorism (including its backing of militants linked to the 1983 bombings of the U.S. Embassy and Multinational Force barracks in Beirut) and its pursuit of chemical, biological, or nuclear weapons capabilities or advanced conventional weapons. After the public revelation in 2002 of previously undisclosed nuclear facilities in Iran, the United States and allies incorporated sanctions into efforts to persuade Iran to agree to limit its nuclear activities. The U.N. Security Council, concerned about Iran's nuclear program, launched multinational sanctions in mid-2006, requiring member states to prevent trade with Iran in goods, services, and technology.

Congressional action has been critical to the development and expansion of U.S. sanctions on Iran. Congress authorized sanctions targeting Iran's proliferation activities beginning in 1992 and, in 1996, enacted landmark legislation mandating the first Iran-related secondary sanctions, on foreign firms involved in the development of Iran's oil resources (Iran has the world's third largest proven oil reserves). After the Iranian government's violent crackdown on mass protests over its disputed 2009 presidential election, Congress authorized sanctions on officials responsible for the crackdown and other human rights abuses. As international concern about Iran's nuclear program increased, Congress, beginning in 2010, increased the scope of U.S. sanctions, targeting Iran's oil exports and other economic sectors in a bid to deny the Iranian

government financial resources and compel it to make policy changes. In enacting these authorities, Congress mandated that to waive or lift sanctions, the President must certify that Iran is meeting certain conditions, including that the Iranian government has ceased its support of international terrorism and its proliferation activities.

In 2015, after several years of multilateral negotiations, Iran, the United States, and several other countries concluded the **Joint Comprehensive Plan of Action (JCPOA)**, whereby Iran limited its nuclear activities and subjected them to additional international inspections and monitoring in return for relief from many U.S. and international sanctions related to Iran's nuclear program. U.S. sanctions related to Iran's continued support for international terrorism, human rights abuses, and missile development remained in place. In 2018, citing the limited duration of certain JCPOA restrictions and Iran's continued malign activities, the Trump Administration ceased U.S. participation in the JCPOA and reimposed all U.S. sanctions that had been eased pursuant to the JCPOA. These and other new restrictions were part of a "maximum pressure" policy with the stated goal of compelling Iran to negotiate a new and expanded accord. Iran did not seek a new agreement under the Trump Administration and since 2019 has exceeded JCPOA-mandated limits on its nuclear activities.

Biden Administration Policy

Biden Administration officials sought to revive the JCPOA, but indirect U.S.-Iran talks broke down in mid-2022 amid a violent Iranian government crackdown on nationwide protests. Iran's military support for Russia and escalating conflict in the Middle East involving Iran, Iran-backed groups, Israel, and the United States has led the Administration to deemphasize renewed diplomatic engagement with Iran on its nuclear program. Any effort by the executive branch to restore the United States' participation in the JCPOA or a similar accord could trigger congressional review pursuant to the Iran Nuclear Agreement Review Act of 2015 (INARA, P.L. 114-17). The Biden Administration, meanwhile, has designated for sanctions hundreds of entities for their role in the illicit sale of Iranian oil, human rights abuses related to the 2022 crackdown on protests, the transfer of Iranian weaponry to Russia for use in Ukraine, Iranian support for Hamas and other U.S.-designated foreign terrorist organizations, and Iran's wrongful detention of U.S. nationals.

Effects of U.S. Sanctions on Iran

Over the past decade, successive Administrations have characterized the effects, and effectiveness, of sanctions on Iran's behavior in different ways. Obama Administration officials described the 2015 JCPOA as proof of sanctions' effectiveness. After withdrawing from the JCPOA and reimposing U.S. sanctions, Trump Administration officials asserted that the United States' "maximum pressure" strategy was effective, citing the deterioration of various Iranian economic indicators. They also argued that denying resources to the Iranian government decreased its ability to finance its missile programs, international terrorism, and destabilizing regional interventions, key pillars of Iran's foreign and defense policies. Iran has pursued those

activities amid U.S. sanctions and their economic costs, though Iran's defense budget has fluctuated, sometimes apparently linked to the economic impact of U.S. sanctions.

Iran's leaders seek to mitigate the impact of sanctions through the development of what Supreme Leader Ali Khamenei has termed a "resistance economy." Khamenei has stated that Iran must reduce its dependence on external actors and "build the economy from within." Some in Iran support reducing Iran's economic linkages with the West to decrease Iran's susceptibility to sanctions-related pressure. U.S. sanctions may create incentives for Iran to further expand economic and military ties with China and Russia. China remains a major purchaser of Iranian oil, and Russia reportedly has sought to assist Iran with sanctions evasion.

Congressional Action

In the 118th Congress, Congress has enacted a number of Iran-related sanctions measures, mostly as part of the emergency national security supplemental (P.L. 118-50) passed in the wake of Iran's unprecedented direct attack against Israel in April 2024. Those measures include:

- The SHIP Act (Division J), which directs the President to impose sanctions on port operators, refineries, and other entities linked to Iranian oil;
- The Fight CRIME Act (Division K), which directs the President to impose sanctions on persons the President determines are engaged in efforts to transfer missile or drone-related technology to or from Iran; and
- The MAHSA Act (Division L), which directs the President to determine whether the Supreme Leader and other specified Iranian officials meet the criteria for sanctions under various extant authorities.
- Those and other enacted measures also direct the executive branch to submit reports to Congress on Iranian government behavior, adding to regular required reports on Iran-related reports Congress receives from the Administration. Members also have considered legislation to amend sanctions-related statutory authorities, including to remove or alter the conditions under which the President may waive or lift sanctions on Iran (see, e.g., H.R. 6323).

Some Members have written to executive branch officials advocating for what they describe as more robust sanctions enforcement, including through additional designations. Biden Administration officials have said that U.S. sanctions, particularly those on Iran's oil exports, have "imposed a heavy cost on Iran" while conceding, "There may be more that we could do."

More broadly, Congress may consider how sanctions have or have not advanced U.S. policy goals with respect to Iran, and how additional sanctions authorities or designations might or might not drive the behavior of the Iranian government and other actors. Members may also consider to what extent other U.S. policy tools, perhaps used in combination with sanctions, can counter various threats posed by Iran.

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