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Iran's Petroleum Exports to China and U.S. Sanctions

Some Members of Congress [remain](#) concerned with the ability of longtime U.S. [adversary](#) Iran to raise revenue by selling petroleum. The United States has sought to reduce other countries' imports of Iranian petroleum via sanctions, including some [new sanctions authorities](#) enacted in the 118th Congress. Since 2021, nearly all Iranian petroleum [exports](#) reportedly have gone to the People's Republic of China (PRC, or China), with traders using a range of evasive techniques. Citing the threat of Iran's nuclear and ballistic missile programs and its support for terrorist groups, President Trump in February 2025 directed the imposition of "[maximum pressure](#)" on Iran, including a campaign to drive Iran's oil exports to "zero."

Background: U.S. Sanctions

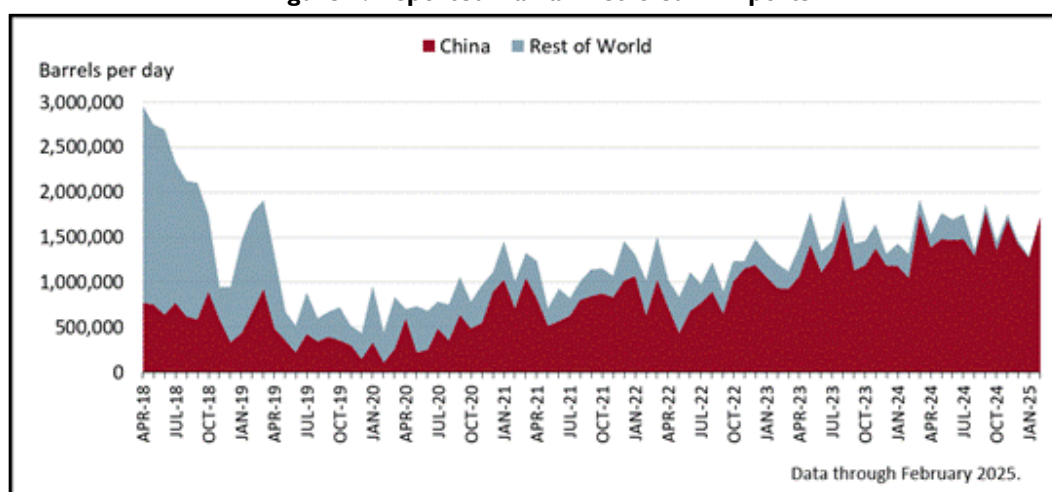
U.S. efforts to limit Iranian income from crude oil, petroleum products, and petrochemical products (petroleum) via [sanctions](#) go [back decades](#). Section 1245(d) of the FY2012 National Defense Authorization Act (NDAA, [P.L. 112-81](#); [22 U.S.C. §8513a\(d\)](#)) directs the President to block from the U.S. financial system foreign financial institutions that knowingly conduct "any significant financial transaction" with sanctioned Iranian banks, including Iran's Central Bank, excluding foreign central banks that do not engage in transactions related to Iranian petroleum. The statute also authorizes the President to except from [secondary sanctions](#) foreign financial institutions in countries determined to be significantly reducing their purchases of Iranian crude oil (President Trump approved the last such exception in [2018](#)).

In 2018, President Trump ceased U.S. participation in the [Joint Comprehensive Plan of Action \(JCPOA\)](#) and issued [Executive Order \(E.O.\) 13846](#), which reinstated sanctions that had been terminated pursuant to the JCPOA, including on the "purchase, acquisition, sale, transport, or marketing" of Iranian petroleum. In January 2020, President Trump issued [E.O. 13902](#), authorizing the imposition of sanctions on those operating in or engaged in the "sale, supply, or transfer to or from Iran" of goods or services related to specified sectors of the Iranian economy; in October 2024, then-Treasury Secretary Janet Yellen issued a [determination](#), authorizing those sanctions under E.O. 13902 to apply to Iran's petroleum sector. Under these executive orders, the United States has sanctioned [dozens](#) of [entities](#) for [their role](#) in the shipment of Iranian petroleum to Asia.

Iran's Petroleum Exports to the PRC

U.S. secondary sanctions aim to deny revenue to the primary target by imposing costs to dissuade foreign persons from participating in activities that are illegal for U.S. persons. Iranian petroleum exports [reportedly hit a record](#) in the first quarter of 2024, with "almost all" going to China, and remain high as of early 2025 despite some reported [disruptions](#). The U.S. Energy Information Administration (EIA) estimated in an October 2024 [congressionally mandated report](#) that Iranian petroleum sales generated revenues of \$53 billion in 2023 and \$54 billion in 2022. China's continuing imports of Iranian petroleum may demonstrate that PRC-based buyers believe that the economic benefits of buying Iranian petroleum exceed the risks of U.S. sanctions.

Figure I. Reported Iranian Petroleum Exports



Source: United Against Nuclear Iran, data available [here](#).

Notes: "Rest of World" includes some exports to unknown destinations, which may eventually reach China.

Iranian petroleum is [reportedly](#) sold [below](#) prevailing market prices to [entice](#) foreign traders. Most reported PRC-based buyers are small, semi-independent refineries known as “teapots.” According to one [advocacy group](#), teapots are “both hard to uncover and not exposed to the U.S. financial system,” constraining the effectiveness of U.S. sanctions. Traders reportedly use [deceptive techniques](#), including [relabeling Iranian-origin petroleum](#), [broadcasting fake tanker](#) route information (“spoofing”), and employing a so-called “dark fleet” or “shadow fleet” of older ships whose ownership is difficult to track. In January 2025, Shandong Port Group (which oversees ports through which [most Iranian oil](#) exports to China had transited) [announced](#) it would not allow U.S.-sanctioned vessels to dock; Chinese imports of Iranian petroleum [reportedly remain stable](#) as of March 2025 as [other Chinese ports allow](#) tankers carrying [Iranian petroleum](#) to dock.

U.S. Policy

Despite continued U.S. sanctions on trade in Iranian petroleum, exports have risen. Some observers have speculated that the Biden Administration’s Iran sanctions [policy](#) may have [de-prioritized sanctions enforcement](#) based on that Administration’s judgments about competing global interests, a desire not to escalate tensions with China, or the pursuit of [lower petroleum prices](#). Some [Members](#) of Congress and other [observers](#) criticized the Biden Administration for “not enforcing petroleum sanctions.”

Biden Administration officials [rejected](#) those charges, [pointing to](#) the Biden Administration’s designation of hundreds of entities for sanctions for Iran-related activities, though they conceded that Iran “is continuing to export some oil” as then-Treasury Secretary Janet Yellen [said in April 2024](#). Biden Administration actions related to Iranian petroleum exports in 2023-2024 included

- Additional sanctions designations, including the [designation](#) of a Hong Kong-registered shipping company and the [designation](#) of 16 entities (including one in China) and 23 vessels described as part of “Iran’s ghost fleet”;
- [Unsealing](#) three federal cases related to Iranian petroleum trafficking, including one sale to “government-affiliated buyers in China” and another charging a director of a PRC oil refinery; and
- [Forfeiture](#) and [sale](#) of nearly a million barrels of Iranian petroleum from the tanker *Suez Rajan*, in what the Justice Department [called](#) “the first-ever criminal resolution involving a company that violated sanctions” related to Iranian petroleum.

The *Suez Rajan* case illustrates the complexities in enforcing U.S. sanctions on Iranian petroleum shipments. The *Suez Rajan* was owned by a U.S.-based entity, a fact that [likely](#) facilitated its seizure. Where the United States lacks jurisdiction over a vessel, options may be limited. [Greek courts blocked](#) U.S. efforts in mid-2022 to confiscate Iranian petroleum from a tanker that had docked in Greece. During the first Trump Administration, U.S. officials [reportedly](#) offered rewards to the captains of tankers carrying Iranian petroleum to pilot their vessels to countries for impoundment. The law of the sea limits U.S. [jurisdiction to enforce](#) its sanctions laws by [interdicting](#)

[vessels](#) suspected of smuggling. (Although not a party to the [U.N. Convention on the Law of the Sea](#), the United States has [stated](#) that these provisions are “reflective of customary international law binding on all States.”) In January 2024, Iranian forces [seized](#) the re-named *Suez Rajan* as it carried Iraqi oil to Turkey; as of [December 2024](#), Iran had [released](#) the cargo and [crew](#) but not the ship.

In February 2025, President Trump signed [National Security Presidential Memorandum-2 \(NSPM-2\)](#), which directs the imposition of “maximum pressure” on Iran to compel it to abandon its nuclear program and support for terrorist groups. NSPM [directs](#) the Secretary of State, in coordination with other agencies, to “implement a robust and continual campaign ... to drive Iran’s export of oil to zero, including exports of Iranian crude to the People’s Republic of China.” The memorandum also [directs](#) the Attorney General to “pursue all available legal steps to impound illicit Iranian oil cargoes.” The Trump Administration has [designated](#) entities (including [Iran’s Petroleum Minister](#), PRC-based shipping companies, and [vessels](#) part of the “shadow fleet”) for sanctions for transporting Iranian oil to the PRC and reportedly [has considered advocating](#) that other countries stop and inspect tankers suspected of carrying Iranian oil pursuant to the [2003 Proliferation Security Initiative](#). It is unclear what impact, if any, these or other measures might have on Iran-PRC petroleum trade, global petroleum markets generally, or U.S.-PRC relations.

Congressional Action

Some Members of Congress called on the Biden Administration to increase sanctions enforcement against Iranian petroleum exports to China, including calling for the [designation](#) of additional [PRC-based entities](#) violating sanctions. Congress included two sanctions measures related to Iran petroleum in [P.L. 118-50](#): the Stop Harboring Iranian Petroleum (SHIP) Act (Division J) and the Iran-China Energy Sanctions Act of 2023 (Division S).

On October 8, 2024, several Senators [wrote to](#) Biden Administration officials asking the Administration to “honor the reporting deadlines and enforcement requirements prescribed within” the SHIP Act. The EIA issued its first annual report on Iranian petroleum exports, as required by Section 4 of the SHIP Act, in October 2024 (including the revenue estimates referenced above). That same month, the Treasury Department [described](#) sanctions designations related to Iranian petroleum as “in the spirit of” the SHIP Act; no subsequent sanctions announcements under the Biden or Trump Administrations have referenced the SHIP Act. Some Members in the 119th Congress have [introduced legislation](#) (H.R. 1422) to mandate additional sanctions on Iranian petroleum exports, as well the creation of an “Interagency Working Group on Iranian Sanctions.”

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