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Iran Sanctions

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January 21, 2016

Congressional Research Service
7-5700
www.crs.gov
RS20871

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

Broad international sanctions imposed on Iran during 2010-2013 harmed Iran's economy and contributed to Iran's acceptance of agreements that exchange constraints on its nuclear program for sanctions relief. The sanctions and related diplomatic pressure, at least in part, caused or contributed to the following:

- 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. The effect of that export volume reduction has been further compounded by a fall in oil prices since mid-2014.
- Iran's economy to shrink by about 10% in the two years that ended in March 2014. The economy stabilized in 2014-15 as a result of modest sanctions relief under an interim nuclear agreement that went into effect on January 20, 2014. That accord allows Iran to access $700 million per month of hard currency from oil and other product sales, and caps Iran's crude oil exports at the 1.1 mbd level.
- Constriction of Iran's ability to procure equipment for its nuclear and missile programs and to import advanced conventional weaponry. However, these effects have not prevented Iran from continuing to develop its missile programs or from militarily assisting pro-Iranian movements and governments in the region.
- The June 2013 election as president of Hassan Rouhani, who articulated a priority of obtaining relief from international sanctions and isolation.

The comprehensive nuclear accord (Joint Comprehensive Plan of Action, or JCPOA), finalized on July 14, 2015, entailed broad sanctions relief. U.S., U.N., and multilateral sanctions on Iran's energy, financial, shipping, automotive, and other sectors were suspended or lifted upon the International Atomic Energy Agency (IAEA) certification on January 16, 2016, that Iran had complied with the stipulated nuclear dismantlement commitments under the agreement ("Implementation Day"). The relief allows Iran to freely export crude oil and to access its foreign exchange reserves held in foreign banks - a net amount (gross amount minus what is committed to creditors) of nearly $60 billion. On October 18 ("Adoption Day" of the JCPOA), the Administration issued provisional waivers of relevant sanctions laws, which took formal effect on Implementation Day. Various executive orders the United States committed to revoke were revoked on that day, through new Executive Order 13716. Most sanctions that apply to U.S. companies remain in place, as will those secondary sanctions (sanctions on foreign firms) that have been imposed because of Iran's support for terrorism, for human rights abuses, or its missile and advanced conventional weapons programs. Under U.N. Security Council Resolution 2231 of July 20, 2015, U.N. sanctions terminated as of Implementation Day, but a U.N. ban on Iran's development of nuclear-capable ballistic missiles and its importation or exportation of arms remain in place for limited periods of time. The Administration asserts that Iran will likely use sanctions relief primarily to resurrect its economy rather than try to expand its regional influence, but the JCPOA contains no formal requirements or restrictions on how Iran should spend its national funds. See also: CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr; CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by Dianne E. Rennack; and CRS Report RL32048, *Iran, Gulf Security, and U.S. Policy*, by Kenneth Katzman.

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Overview and Objectives

U.S. sanctions have been a major feature of U.S. Iran policy since Iran's 1979 Islamic revolution, but the imposition of U.N. and worldwide bilateral sanctions on Iran that began in 2006 and increased dramatically as of 2010 is recent by comparison. The objectives of U.S. sanctions have evolved over time. 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 compelling Iran to 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 according to functional theme, in the chronological order in which these themes have emerged in U.S. policy toward Iran.

Implementation of some of the sanctions is subject to interpretation. 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,[1] 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.

Blocked Iranian Property and Assets

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 Iranian assets held in the United States. The assets were unblocked by subsequent orders when the crisis was resolved in early 1981 in accordance with the "Algiers Accords."

U.S.-Iran Claims Tribunal. The Accords established a "U.S.-Iran Claims Tribunal" at The Hague 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. One major unresolved case was an Iranian claim for compensation for hundreds of foreign military sales (FMS) cases—mainly arms bought by the Shah's government or arms undergoing repair in the United States - which the Shah's government had paid for but were halted (and the equipment not delivered to Iran) after he fell to the Islamic revolution. A reported $400 million in proceeds from the U.S. resale of the equipment was placed in a DOD FMS escrow account. On January 17, 2016, the day after Implementation Day of the JCPOA, the United States announced it had settled the case and will send to Iran the $400 million balance in the DOD escrow account plus $1.3 billion in accrued interest, which will come from the Treasury Department's "Judgment Fund."

Other Frozen Assets. Some additional Iranian assets have been frozen by the United States. Including Iranian assets blocked under Executive Order 13599 of February 2010, discussed

[1] http://www.gpo.gov/fdsys/pkg/FR-2012-11-13/pdf/2012-27642.pdf.

below, about $1.97 billion in U.S.-based Iranian assets are blocked, according to the 2014 "Terrorist Assets Report." The United States is not committed to unblock any of these funds under the JCPOA. Of the total, about $50 million is 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.[2] The total does not include Iran-related real estate holdings that the U.S. Attorney for the Southern District of New York seized in 2009. These were assets of the Assa Company, a UK-chartered entity, which allegedly was maintaining the interests of Bank Melli in an office building in New York City. An Iranian foundation, the Alavi Foundation, allegedly is an investor in the building. The Treasury Department report states that the Office of Foreign Assets Control does not place a valuation on such real estate holdings, but public sources assess these assets at a value of about $500 million.

There have been initiatives to use at least some of Iran's frozen assets to pay the approximately $46 billion in court awards 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

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) sets up a mechanism for paying damages to the U.S. embassy hostages and other victims of Iran-sponsored terrorism (and terrorist acts by other state sponsors of terrorism) using settlement payments paid by various banks for concealing Iran-related transactions (see "Financial/Banking Sanctions" section below) and possibly proceeds from the New York property assets discussed above. See CRS Report RL31258, *Suits Against Terrorist States by Victims of Terrorism*, by Jennifer K. Elsea

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.

Executive Order 13599 Impounding Iran-Owned Assets

Current Status: Not Revoked in Connection with the JCPOA

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" (government of Iran). 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. U.S. persons are prohibited from any dealings with such entities. U.S. financial institutions previously were required to merely refuse such transactions with the Central Bank, or return funds to it. Several designations have been made under order, as shown in **Table 5**, such as the June 4, 2013, naming of 38 entities—mostly including oil, petrochemical, and investment companies—that are under the umbrella of an Iranian entity called the "Execution of Imam Khomeini's Order" (EIKO)."[3]

[2] http://www.treasury.gov/resource-center/sanctions/Documents/tar2010.pdf.

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

EIKO is characterized by the Treasury Department as an Iranian leadership entity that controls "massive off-the-books investments, shielded from the view of the Iranian entities and international regulators." In accordance with the JCPO, EIKO-controlled companies designated were under Executive Order 13599 were "de-listed" from sanctions imposed by the order.

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 again 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 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.

Sanctions Triggered by Terrorism List Designation: Ban on U.S. Aid, Arms Sales, Dual-Use Exports, and Certain Programs for Iran

Current Status: Still in Effect/Not Waived or Revoked under the JCPOA

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:

- *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 presidential 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. Foreign assistance is defined as not only economic assistance but also U.S. government loans, credits, credit insurance, and Ex-Im Bank credits. In addition, successive foreign aid appropriations laws since the late 1980s have banned direct assistance to Iran (no waiver provision).
- *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 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.

- *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 country's 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.

Executive Order 13224 Sanctioning Terrorism-Supporting Entities

Current Status: Still in Effect, No Designated Entities "De-Listed"

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. *The order is not specific to Iran*.

Implementation: The several hundred Iranian or Iran issue-related entities designated under the Order, to date, are listed in the table at the end of this report.

Executive Orders Sanctioning Iran's Involvement in Iraq and Syria

Current Status: Still in Effect, No Designated Entities "De-Listed"

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 executive order remains in effect even though many of the entities sanctioned thus far 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 commanders including overall commander Qasem Soleimani, and others are sanctioned under this and related orders.

Implementation: Several Iran-related entities have been designated under these orders, as listed in the tables at the end of this report.

Ban on U.S. Trade and Investment with Iran

Current Status: Minor Relaxations in Accordance with the JCPOA

In 1995, the Clinton Administration significantly expanded U.S. sanctions on Iran by issuing 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.),[4] 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 that a "state of emergency" exists 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 a declaration of a state of emergency with Iran. IEEPA allows the President, through licensing authority, to make modifications to the trade ban despite its being codified (discussed below). The operation of the trade regulations is stipulated in Section 560 of the Code of Federal Regulations (Iranian Transactions Regulations, ITRs).

Codification of the Ban and U.S.-Iran Trade Figures

Section 103 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195) codified the ban on U.S trade with Iran. In so doing, it reinstated the full

[4] 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*.

ban on imports that had been relaxed by executive order in April 2000 to allow U.S. importation of Iranian nuts, fruit products (such as pomegranate juice), carpets, and caviar. The relaxations to the trade ban from then until CISADA's effective date (September 29, 2010), account for the fact that U.S. trade with Iran expanded during that period. The 2010 restoration of the full import ban explains why U.S. imports from Iran since that time have been negligible, consisting mainly of artwork for exhibitions around the United States (and count as imports even though the works return to Iran after the exhibitions conclude). CISADA also specifies exemptions to the trade ban, including (1) exports not only of food and medical goods; (2) information technology to support personal communications among the Iranian people; (3) goods to allow civilian aircraft to fly safely; and (4) 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"). *The JCPOA committed the United States to again relaxing the import ban to allow importation to the United States of the Iranian luxury goods discussed above (carpets, caviar, etc.), but not to permit general trade in goods. The modifications were made in the Departments of State and of Treasury guidance issued on Implementation Day.*[5]

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. Unless specified, the trade restrictions discussed in this section are to remain in place under the JCPOA, if implemented.

- *Oil Transactions*. The 1995 trade ban expanded a 1987 ban on imports from Iran that was imposed by Executive Order 12613 of October 29, 1987. The1987 ban, authorized by Section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9), barred U.S. oil companies from importing Iranian oil into the United States but did not ban their trading Iranian oil overseas. The 1995 ban prohibited that activity explicitly, but does allow 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.
- Regulations pursuant to the 1995 trade ban *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 (for example major refineries in the EU countries) is, for legal purposes, a product of the country where that refinery is located and its products can therefore be imported into the United States, even if the product contains some Iran-origin crude oil. No EU refineries have imported Iranian oil since July 1, 2012, and only a few other refineries worldwide both continue to receive Iranian oil and export gasoline to the United States, but U.S. gasoline imports from those refineries are minor. *U.S. imports from European refiners of oil that contains some Iranian content will*

[5] The text of the guidance is at https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement_guide_jcpoa.pdf.

restart in concert with the EU's lifing of the ban on Iranian oil imports on Implementation Day.

- *Transshipment and Brokering*. The regulations that implement the trade ban prohibit transshipment of goods across Iran. They also ban any activities by U.S. persons to broker commercial transactions involving Iran.
- *Civilian Airline Parts*. Under the 1995 executive order banning U.S. trade with Iran, goods related to the safe operation of civilian aircraft may, on a case-by-case basis, be licensed for export to Iran (§560.528 of Title 31, C.F.R.). Some spare parts sales were licensed occasionally since that time. However, on June 23, 2011, the Administration sanctioned Iran Air under Executive Order 13382 (see below), rendering licensing of parts or repairs for that airline impermissible. Other Iranian airlines have been sanctioned under that and Executive Order 13224. *The JCPOA commits the United States to significant relaxation of restrictions on sales of parts for commercial aircraft and licensing of sales of whole commercial aircraft, including to Iran Air (which has been "de-listed" as a sanctioned entity in accordance with the JCPOA).*[6]
- *Personal Communications, Remittances, and Publishing*. There are no applicable restrictions on personal communications (phone calls, emails) between the U.S. and Iran or on personal remittances. In December 2004, regulations were modified to allow Americans to engage in ordinary publishing activities with entities in Iran (and Cuba and Sudan). On May 30, 2013, OFAC issued a general license 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. However, many banks refuse to process payments for many of these transactions, making such sales difficult in practice.
- *Food and Medical Exports.* Since April 1999, sales to Iran by U.S. firms of food and medical products have been allowed, subject to OFAC licensing. Among earlier relaxations, on October 22, 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 export license requirement. That list was updated on July 25, 2013, to include electrocardiogram, electroencephalogram, dialysis machines, and other medical products. OFAC again updated the "general license" list on November 2 to include MRI machines, CT scanners, X-Ray machines, genetic testing products, oxygen tanks, contraceptives, and nuclear medicine imaging machines. According to OFAC, licenses for exports of medical products not on the "general license" list are routinely expedited for sale to Iran, and the U.S. government has been informing foreign banks that financing such transactions is not subject to sanctions. Regulations have a specific definition of "food" that can be licensed for sale to Iran, and that definition excludes alcohol, cigarettes, gum, or fertilizer.[7] This definition addresses information in a December 24, 2010,[8] article that said that OFAC had approved exports to Iran of such condiments as ice

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

7 http://www.treasury.gov/resource-center/sanctions/Programs/Documents/gl_food_exports.pdf.s.

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

cream sprinkles, chewing gum, food additives, hot sauces, body-building supplements, and other goods that have uses other than purely nutritive.

- *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.) are not prohibited, but donations to relief organizations require a specific OFAC license because such transfers generally require use of the international banking system. In order to remove some roadblocks to NGO work in Iran, in 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 regulation 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 perform relief efforts in Iran, provided the NGO transfer to Iran not exceed $300,000.
- *Export Financing*. 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. Title IX of the Trade Sanctions Reform and Export Enhancement Act of 2000 (P.L. 106-387) bans the use of official credit guarantees 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. No U.S. Administration has authorized credit guarantees for any U.S. exports to Iran.

Application to Foreign Subsidiaries of U.S. Firms

The U.S. trade ban does not bar 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, such foreign subsidiaries are considered foreign persons and are 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 (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) 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.

The JCPOA commits the United States to license controlled foreign subsidiaries to conduct transactions with Iran that are permissible under JCPOA (almost all forms of civilian trade), apparently on the grounds that the President has authority to license transactions with Iran under IEEPA. This licensing commitment was implemented in the State and Treasury guidance issued on Implementation Day with the issuance of "General License H: Authorizing Certain Transactions Relating to Foreign Entities Owned or Controlled by a United States Person." [9]

[9] https://www.treasury.gov/resource-center/sanctions/Programs/Documents/implement_guide_jcpoa.pdf.

Trade Ban Easing and Termination

Termination: Section 401 of CISADA provides for the President to terminate the trade ban (Section 103) if the Administration certifies to Congress that Iran has 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 outright 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. This gives the President flexibility to ease the ban on U.S. exports through executive action. 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(d)(2)(A) of CISADA.

Sanctions on Iran's Energy Sector

Status: Sanctions on Foreign Firms Waived/Terminated under JCPOA

In 1996, Congress and the Clinton Administration first took steps to deny Iran the financial resources to support terrorist organizations and other armed factions or to further its nuclear and WMD programs by pressuring its vital energy sector. Iran's oil sector is as old as the petroleum industry itself (early 20th century), and Iran's onshore oil fields are past peak production and in need of substantial investment. Iran has 136.3 billion barrels of proven oil reserves, the third largest after Saudi Arabia and Canada. With few exceptions, virtually all of Iran's oil exports flow through the Strait of Hormuz, which carries about one-third of all internationally traded oil. 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. Prior to 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 over the past decade as Iran has diversified its economy somewhat.

The Iran Sanctions Act, Amendments, and Its Applications

The Iran Sanctions Act (ISA) has been a pivotal component of U.S. sanctions against Iran's energy sector, and its applications have been steadily expanded to other Iranian industries. As initially enacted in 1996, 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, 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. 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 application has been expanded significantly, as analyzed below.

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 expanded 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"[10] of more than $20 million[11] in one year in Iran's energy sector.[12] 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 the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 [CISADA; P.L. 111-195]).

Implementation: Several firms have been sanctioned under ISA for investing in Iran's oil and gas fields, as discussed below.

Trigger 2: Sales of WMD Technology or Advanced Conventional Weaponry, and Participation in Uranium Mining Ventures

Note: This provision of ISA was not suspended under the JCPOA

The Iran Freedom Support Act (P.L. 109-293, signed September 30, 2006) created *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 technology" 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 final destination of the items sold would be to Iran.

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 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 CISADA 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 (110th 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

[10] 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.

[11] 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).

[12] 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.

Iran. Those initiatives prompted Reliance Industries Ltd. of India to cease new sales of gasoline to Iran as of December 2008.[13] The CISADA provision subjects 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 of such sales include equipment and services that Iran can use to construct or maintain its oil refineries, or provision of related services such as shipping or port operations.

Implementation: Several firms, as discussed below, have been sanctioned under ISA for selling or shipping gasoline to Iran.

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) 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.[14] *This provision was not altered by the JPA.*

Implementation: See **Table 1** below for ISA sanctions imposed under this provision.

Trigger 5: Transporting Iranian Crude Oil

Section 201 of the ITRSHRA amends ISA by authorizing sanctions on entities determined by the Administration to have

- 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

[13] The Ex-Im Bank, in August 2008, had extended $900 million in financing guarantees to Reliance.

[14] 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.

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.

Application of ISA Sanctions to Insurance for Iranian Oil Entities and Purchases of Iranian Bonds by ITRSHRA

Separate provisions of the ITRSHR Act (Sections 212, 213, and 302)—*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 company that

- purchases or facilitates the issuance of sovereign debt of the government of Iran, including Iranian government bonds; or
- provides insurance or reinsurance for the National Iranian Oil Company (NIOC) or the National Iranian Tanker Company (NITC); or
- Section 312 of the ITRSHRA required an Administration determination, within 45 days of enactment (by September 24, 2012) whether NIOC and NITC are IRGC agents or affiliates. If such a determination is made, financial transactions with NIOC and NITC would be subject to sanctions under CISADA (prohibition on opening U.S.-based accounts).

Implementation. On September 24, 2012, the Department of the Treasury informed Congress that it had determined that NIOC and NITC are agents or 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 a U.S.-based account. (*Sanctions on dealings with NIOC and NITC were waived in accordance with the JPA and designations of these entities under Executive Order 13382 are to be rescinded under 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 Revolutionary Guard (see below) are unclear, and none of these independent firms has been sanctioned under any U.S. law or executive order.

Iran Freedom and Counter-Proliferation Act (IFCA): Application of ISA Sanctions to Transactions with Iran's Energy, Shipbuilding, and Shipping Sector or Helping Iran Acquire Precious Metals, Industrial Software, and U.S. Bank Notes

Status: These Provisions of ISA and IFCA were waived in accordance with the JCPOA.

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)—imposes at least 5 out of the 12 ISA sanctions (as of July 1, 2013, 180 days after enactment) on entities determined to have engaged in the transactions below. (*The IFCA provisions do not amend ISA itself.* W*aiver authority is discussed in the box below.)* The stipulated sanctions are authorized for entities that

- *Energy, Shipbuilding, and Shipping Sector*. Provide goods or services to the energy, shipbuilding, and shipping sectors of Iran, or to port operations there—or which provide insurance for such transactions. This provision is Section 1244 of IFCA, which also blocks U.S.-based property and U.S.-based banking activity on violators. *The sanctions do not apply when such transactions involve purchases of Iranian oil by countries that have active exemptions under* P.L. 112-81 *or to the purchase of natural gas from Iran (or most transactions related to such gas purchases).*
- *Insurance for Related Activities*. 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. This provision is Section 1246. (*There is no exception to this sanction for countries exempted under* P.L. 112-81.)
- *Dealings in Precious Metals.* Provide precious metals to Iran (including gold) or semi-finished metals or software for integrating industrial processes. (Section 1245 of IFCA.) The section therefore affects foreign firms that transfer gold 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.*
- *Dealings in U.S. Bank Notes*. IFCA also codifies Section 5 of Executive Order 13622, discussed below, blocking U.S.-based property of individuals or firms determined to have helped Iran deal in U.S. bank notes or to have provided financial support to NIOC, NICO, or the Central Bank of Iran.

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. The tables at the end of this report include several firms and individuals sanctioned under Executive Order 13622, below, for dealing in U.S. bank notes.

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

Status: Executive Order 13622 revoked (by E.O. 13716)in accordance with the JCPOA

Executive Order 13622 (July 30, 2012) applied the same sanctions requirements as provided by ISA—as well as restrictions on foreign banks (see below)—to entities the Administration determines have engaged in the following activities. (An executive order cannot amend a statute, and *E.O. 13622 does not amend ISA itself.)*

- Purchased oil or other petroleum products from Iran.[15] *The part of this order pertaining to petrochemical purchases is suspended under the JPA.*
- Conducted transactions with the National Iranian Oil Company (NIOC) or Naftiran Intertrade Company (NICO).
- Helped Iran purchase U.S. bank notes or precious metals.

[15] 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.

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.)

*Implementation: S*everal firms were sanctioned under this order, as noted in the tables at the end of this paper.

ISA and Other Sanctions on Iran's Automotive Sector, Rial Trading, and Helping Iran Acquire Precious Stones—Executive Order 13645

Status: Executive Order 13645 Revoked (by E.O 13716) in accordance with the JCPOA.

Executive Order 13645 of June 3, 2013 (effective July 1, 2013) does the following:

- Imposes ISA 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 affects banks in countries bordering on or near Iran that sometimes have dealt in the *rial*.
- Expands the application of Executive Order 13622 (above) to helping Iran acquire precious stones or jewels.
- Blocks U.S.-based property of any person that conducts transactions with any Iranian entity on the list of Specially Designated Nationals (SDNs) or Blocked Persons.

Mandate and Timeframe 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.[16] 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.

A subsequent law, the Iran Threat Reduction and Syria Human Rights Act (P.L. 112-158), contains a provision to define "credible information" to begin an investigation of a violation. The law defines credible information 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

[16] Other ISA amendments under that law included recommending against U.S. nuclear agreements with countries that 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.

activities that would violate ISA (or Section 104 of CISADA or transactions with entities designated under E.O 13224 or 13382, see below).

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 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:

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 Iran Threat Reduction and Syria Human Rights Act, P.L. 112-158)

11. exclusion from the United States of corporate officers or controlling shareholders of a sanctioned firm (added by P.L. 112-158)

12. imposition of any of the ISA sanctions on principal offices of a sanctioned firm (added by P.L. 112-158).

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 primary triggers), 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

ITRSHRA established several mechanisms for Congress to oversee whether the Administration is investigating ISA violations. Section 223 requires 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 amends 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 Administration of ISA and Related Laws

The sections below analyze how ISA, as amended by related laws, have been interpreted and implemented through real-world cases and examples.

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.[17]

Implementation. No gas pipelines built linking Iran to neighboring countries have been sanctioned under ISA. Pipeline projects that are under various stages of 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 oil from Iran. However, Executive Order 13622 does so, and the ITRSHRA sanctions transactions that are essential to the purchase of Iranian oil. Exceptions are provided if the parent country of the energy buyer or shipper has not received an exemption under P.L. 112-81, which is discussed below. Any new customer for Iranian oil is authorized to be sanctioned under the order and P.L. 112-81.

Shah Deniz Project Exception

The effective dates of U.S. sanctions laws also excludes long-standing joint natural gas projects that involve some Iranian firms—particularly the Shah Deniz natural gas field and pipeline in the Caspian Sea. The project is run by a consortium in which Iran's Naftiran Intertrade Copmany (NICO) holds a passive 10% share. The other partners in the venture are BP, Azerbaijan's natural gas firm SOCAR, Russia's Lukoil, and other firms. NICO has been sanctioned under ISA, as discussed below. 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. trade regulations or require a license from OFAC. The guidance appears to apply to both the original pipeline as well as the second phase of the project, which also involves NICO and will carry gas to Europe.

Application to Purchases from Iran of Natural Gas Purchases

IFCA, discussed above, authorizes sanctions on any dealings with Iran's energy sector, but s*pecifically excludes from sanctions purchases of natural gas from Iran*. Still, *payments* for the natural gas might be subject to sanctions as discussed elsewhere in this report. *Purchases* of Iranian gas are distinguishable from the *construction of natural gas pipelines* involving Iran which, as discussed, is potentially subject to sanctions.

[17] http://dawn.com/2012/03/01/tough-us-warning-on-iran-gas-pipeline/.

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. However, CISADA specifically includes LNG in the 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 would have sanctioned such entities but such provisions were not included in the final law, reportedly to avoid a backlash from U.S. allies.

ISA Waiver, Exemptions, and Sunset Provisions

ISA Waiver Provisions

The President has the authority to waive sanctions on firms determined to have violated ISA provisions. Under the original version of ISA to waive sanctions if he certifies that doing so is *important* to the U.S. national interest (§9(c)). CISADA (§102(c)) changed the 9(c) ISA waiver standard to "*necessary*" to the national interest, and the Iran Threat Reduction Act modified the standard further to "*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*."

Under the original version of ISA, there was also waiver authority (§4(c)) if the parent country of the violating firm joined a sanctions regime against Iran. This waiver provision was changed by the Iran Freedom Support Act (P.L. 109-293) to allow for a waiver determination based on U.S. vital national security interests. The Section 4(c) waiver was altered again, by CISADA, to provide for a six month (renewable) waiver if doing so is "*vital to the national interest," and* if the parent country of the violating entity is "closely cooperating" with U.S. efforts against Iran's WMD and advanced conventional weapons program. The criterion of "closely cooperating" is defined in the conference report as implementing all U.N. sanctions against Iran. It could be argued that using a Section 4 waiver, rather than a Section 9 waiver, would support U.S. diplomacy with the parent country of the offending entity.

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

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.

"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.[18]

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 is currently 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. There is debate over whether extending ISA beyond 2016 would violate the JCPOA. The Administration asserts that it would not, but an Iran letter to the U.N. Security Council (July 20, 2015) asserts Iran would consider it a violation.

[18] 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.

Table 1. ISA Sanctions Determinations

Date	Companies/Country	Status/Comment
May 18, 1998	Total SA (France); Gazprom (Russia); and Petronas (Malaysia)—$2 billion project to develop South Pars gas field.	Waived. ISA violation determined but sanctions waived in line with U.S.-EU agreement for EU to cooperate on anti-terrorism and anti-proliferation issues, and not to file 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. (http://www.parstimes.com/law/albright_southpars.html).
Sept. 30, 2010	Naftiran Intertrade Co. (NICO), Iran and Switzerland	Sanctioned. For activities to develop Iran's energy sector.
Sept. 30, 2010	Total (France); Statoil (Norway); ENI (Italy); and Royal Dutch Shell	Exempted. Under from sanctions under ISA "special rule" for pledging to wind down work on Iran energy fields.
Nov. 17, 2010	Inpex (Japan)	Exempted. Special rule applied for announcement one month earlier that it divested its remaining 10% stake in Azadegan oil field development.
March 29, 2011	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).
May 24, 2011	Petrochemical Commercial Company International (PCCI) of Bailiwick of Jersey and Iran; Royal Oyster Group (UAE); Tanker Pacific (Singapore); Allvale Maritime (Liberia); Societie 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.
Jan. 12, 2012	Zhuhai Zhenrong Co. (China); Kuo Oil Pte Ltd. (Singapore); FAL Oil Co. (UAE)	Sanctioned. For brokering sales or making sales to Iran of gasoline.
Aug. 12, 2012	Sytrol (Syria)	Sanctioned. For sales of gasoline to Iran.
Mar. 14, 2013	Dr. Dimitris Cambis; Impire Shipping; Kish Protection and Indemnity (Iran); and Bimeh Markasi-Central Insurance of Iran (CII, Iran)	Sanctioned under ISA amendments sanctioning 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.
April 12, 2013	Tanker Pacific; SAMAMA; and Allvale Maritime	Sanctions lifted. Special rule applied after firms provided to the U.S. "reliable assurances" they will not engage in similar activity in the future.
May 31, 2013	Ferland Co. Ltd. (Cyprus and Ukraine)	Sanctioned for cooperating with National Iranian Tanker Co. to illicitly sell Iranian crude oil.
August 29, 2014	Dettin SPA	Sanctioned. Italy-based company sanctioned for providing goods and services to Iran's petrochemical industry.

Source: State Department announcements.

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

Status: Sanctions Waived in accordance with the JCPOA

In late 2011, Congress sought to reduce Iran's exportation of oil by imposing sanctions on the mechanisms that oil importers use to pay Iran for oil. The sanctions took the form of sanctioning transactions with Iran's Central Bank. Section 1245 of the FY2012 National Defense Authorization Act (NDAA, H.R. 1540, P.L. 112-81, signed on December 31, 2011) provides for the following:

- 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; countries must continue 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 ceases 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), 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 EIA report and Administration certification are required every 90 days thereafter. The first required EIA report was issued on February 29, 2012, and, on March 30, 2012, President Obama determined that there was a sufficient supply of oil worldwide to permit countries to reduce oil purchases from Iran. An EIA report of April 27, 2012, and Administration determination of June 11, 2012, made similar findings and certifications, triggering potential sanctions as of June 28, 2012. Subsequent EIA reports and Administration determinations of the state of the oil market have kept the sanctions triggers in place.

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.

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 on January 20, 2014, to implement the JPA and will be waived under the JCPOA (upon "Implementation Day."

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).[19] 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[20]

- Since March 20, 2012, Japan has maintained and exemption for significantly reducing purchases and 10 EU countries have maintained exemptions 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.)
- Since June 2012, the following countries have maintained exemptions for significant reductions: China, India, South Korea, Turkey, and Taiwan.
- Also since June 2012, the following countries have maintained exemptions based on their ending oil purchases from Iran: Singapore, Malaysia, South Africa, and Sri Lanka.

Foreign Exchange Reserves "Lock Up" Provision of ITRSHRA

The ability of Iran to repatriate its earned hard currency to the Central Bank has been 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 main oil customers. The provision largely compelled Iran to buy the products of the oil customer countries.

[19] Text of letter from Senators Mark Kirk and Robert Menendez to Secretary Geithner, January 19, 2012.

[20] Announcements by the Department of State, March 20, 2012, June 11, 2012, and June 28, 2012.

Waiver Provision

The waiver provision that applies to the sanctions to be imposed under the FY2012 NDAA (P.L. 112-81) applies to this hard currency "lock-up" provision.

To implement the JPA, a waiver was issued under P.L. 112-81 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 in accordance with the JCPOA.

Table 2. Top Oil Buyers From Iran and Reductions

(amounts in barrels per day, including condensates)

Country/Bloc	2011 Average	Average (JPA Start Until Implementation Day)
European Union (particularly Italy, Spain, and Greece)	600,000	Negligible
China	550,000	410,000
Japan	325,000	190,000
India	320,000	190,000
South Korea	230,000	130,000
Turkey	200,000	120,000
South Africa	80,000	Negligible
Malaysia	55,000	Negligible
Sri Lanka	35,000	Negligible
Taiwan	35,000	10,000
Singapore	20,000	Negligible
Other	55,000	Negligible
Total	**2.5 mbd**	**1.057 mbd**

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. Since the JPA, Iran's oil buyers reportedly have increased purchases of condensates by about 200,000 barrel per day equivalent.

Weapons of Mass Destruction, Missile, and Conventional Arms Sanctions

Aside from the terrorism list sanctions discussed above, several laws and executive orders seek to bars Iran from obtaining U.S. or other technology that can be used for weapons of mass destruction programs (WMD).

Current Status: These sanctions remain in force.

Iran-Iraq Arms Nonproliferation Act and Iraq Sanctions Act

The Iran-Iraq Arms Nonproliferation 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." These technologies are generally understood to include technology that could be used to develop ballistic missiles. Sanctions imposed on violating entities include a ban, for two years, on U.S. government procurement from that entity, and a two-year ban on licensing U.S. exports to that entity. A sanction to ban imports to the United States from the entity is authorized.

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. co-production agreements with the country; a one-year suspension of technical exchanges with the country in military or dual use technology; and a one-year ban on sales of U.S. arms to the country. The President is also authorized to deny the country most-favored-nation trade status; and to impose a ban on 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).

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. However, this particular sanction would not likely affect potential arms suppliers to Iran that do not receive U.S. foreign assistance.

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. The language of the provision indicates that it is inNo sanctions under this section 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 on foreign *persons* (individuals or corporations, not countries or governments) that are determined by the Administration to have assisted Iran's WMD programs. Sanctions imposed include a prohibition on U.S. exportation of arms and dual use items to the sanctioned entity, and, under Executive Order 12938 (of November 14, 1994), a ban on U.S. government procurement and of imports to the United States from the sanctioned entity. The law also bans U.S. extraordinary payments to the Russian Aviation and Space Agency in connection with the international space station unless the President can certify that the agency or entities under its control had not transferred any WMD or missile technology to Iran within the year prior.[21] (A continuing resolution for FY2009, which funded the U.S. government through March 2009, waived this law to allow NASA to continue to use Russian vehicles to access the International Space Station.)

Implementation: Entities sanctioned under this law are listed in the tables at the end of the report. The JCPOA requires the United States suspend INKSNA sanctions against "the acquisition of nuclear-related commodities and services for nuclear activities contemplated in the JCPOA." However, no entities sanctioned under INKSNA were "de-listed" from INKSNA sanctions, as listed in Attachment 3 of Annex II of 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 "De-Listed"

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*.

Implementation. The numerous entities sanctioned under the order for dealings with Iran are listed in the tables at the end of this report. The entities de-listed in accordance with the JCPOA are in italics.

[21] 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 109th 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. S*ection 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 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.
- No IRGC-related laws or executive orders were waived or suspended to implement the JPA. And, in general, no sanctions specifically on the IRGC or its activities will be suspended or lifted by the United States under the JCPOA. No IRGC affiliates are to be "de-listed" by the United States under the JCPOA.

Foreign Aid Restrictions for Suppliers of Iran

Successive foreign aid appropriations have withheld 60% of any U.S. assistance to the Russian Federation unless it terminates technical assistance to Iran's nuclear and ballistic missiles programs. Because U.S. aid to Russia generally goes directly to programs in Russia and not to the Russian government, little or no funding has been withheld as a result of the provision. The JCPOA makes no reference to any U.S. commitments to waive this sanction.

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 re-exported 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 re-exported 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 anti-proliferation 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 re-exports 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 have gained strength as other countries have joined the effort. These efforts have been implemented primarily by the Department of the Treasury through progressively strong actions, particularly using the authority in legislation in 2011 to cut off Iran's Central Bank from the international financial system.

Targeted Financial Measures

Since 2006, the Department of the Treasury has used existing 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. In November 6, 2008, the Department of the Treasury barred 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.[22]

Implementation: The Department of the Treasury and other U.S. agencies have announced financial settlements (forfeiture of assets and imposition of fines) with various banks that allegedly violated U.S. laws (International Emergency Economic Powers Act and the Trading

[22] Glenn Kessler, "U.S. Moves to Isolate Iranian Banks," *Washington Post*, September 9, 2006.

with the Enemy Act) by helping 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.[23] It is not known from available sources how the final settlement amounts compare to the amounts sought by the accusing U.S. regulators. (1) In 2004, UBS paid a $100 million fine for the unauthorized movement of U.S. dollars to Iran and other sanctioned countries; (2) in December 2005, the Dutch bank ABN Amro paid an $80 million fine 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 to various U.S. regulating agencies for illicitly processing Iranian transactions with U.S. banks;[24] (4) in June 2012, Dutch bank ING paid a $619 million settlement to several U.S. financial regulation entities for concealing the movement of billions of dollars through the U.S. financial system on behalf of Iranian and Cuban clients;[25] (5) in August 2012, Standard Chartered paid a $340 million settlement to New York State regulators for allegations that it had processing transactions on behalf of Iran;[26] (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. financial system on behalf of Bank Melli;[27] 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 violating the and forfeit $8.9 billion and pay $140 million in fines for helping Iran (and Sudan and Cuba) violate U.S. sanctions.[28]

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

Current Status: This section remains in force. Entities related to Iran's missile and conventional weapons programs, human rights abuses, and involvement in terrorism or destabilizing regional activity are not "de-listed" under the JCPOA.

Department of the Treasury efforts were enhanced substantially by Section 104 of CISADA and U.N. and EU sanctions, which was intended, in part, to weaken Iran's economy by preventing Iranian traders from obtaining "letters of credit" (trade financing) to buy or sell goods. The binding provisions of Section 104 of CISADA require 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 foreign banks that process "significant transactions" with

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[23] Analyst conversations with U.S. banking and sanctions experts. 2010-2015.

[24] http://www.justice.gov/opa/pr/credit-suisse-agrees-forfeit-536-million-connection-violations-international-emergency.

[25] http://www.nytimes.com/2012/06/13/business/ing-bank-to-pay-619-million-over-sanctions-violations.html?_r=0.

[26] Jessica Silver-Greenberg, "Regulator Says Bank Helped Iran Hide Deals," *New York Times*, August 7, 2012.

[27] Rick Gladstone. "U.S. Announces Actions to Enforce Iran Sanctions." *New York Times*, April 29, 2014.

[28] http://www.reuters.com/article/2015/05/01/us-bnp-paribas-settlement-sentencing-idUSKBN0NM41K20150501.

- Any foreign entity that is sanctioned by Executive Order 13224 or 13382 (terrorism and proliferation activities, respectively). These orders are discussed elsewhere in this report, and include entities such as the IRGC and IRGC-QF. To date, several hundred entities (including individuals), many of them Iran-based or of Iranian origin, have been sanctioned under these two orders; a full list is at the end of this report.
- Any entity designated under by U.N. Security Council resolutions that impose sanctions on Iran.
- 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*).

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.

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.

Waivers of CISADA were not required to implement the JPA. However, the core provisions are to be waived to implement the JCPOA.

Iran Designated a Money-Laundering Jurisdiction

Current Status: Central Bank remains designated.

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"[29] 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.

[29] http://www.treasury.gov/press-center/press-releases/Pages/tg1367.aspx.

Laws That Promote Divestment

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.

The JCPOA requires the United States to work with state and local governments to ensure that sanctions at these governmental levels do not conflict with the overall U.S. sanctions relief provided by the federal government under the JCPOA.

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

Current Status: No suspension of U.S. sanctions on Iran for its human rights practices was required by the JCPOA, and these sanctions remain in place.[30]

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, to reduce the regime's ability to monitor or censor Internet communications, and to sanction Iranian officials that commit human rights abuses. Sanctions on the IRGC represent one facet of that trend because the IRGC is not only involved in Iran's WMD programs but it is also a key instrument through which the regime has suppressed oppositionists. Prior to the 2009 uprising, the Iran Freedom Support Act (IFSA; P.L. 109-293) authorized "sums as may be necessary" to assist Iranians who are "dedicated" to "democratic values … and the adoption of a democratic form of government in Iran"; and "advocates the adherence by Iran to nonproliferation regimes."

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.[31] Similar sanctions against many of these same officials—as well as several others—have been imposed by the European Union.

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

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[30] Sections 5 - 7 and 15 of Executive Order 13628 which have to do primarily with Iran's energy, are being revoked, but the remaining sections, which concern human rights issues, remain in place.

[31] U.S. Department of the Treasury, Office of Public Affairs, *Treasury Sanctions Iranian Security Forces for Human Rights Abuses*, June 9, 2011.

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 of the act also required an Administration report by January 31, 2010, on U.S. enforcement of sanctions against Iran, and the effect of those sanctions on Iran.

Sanctions and Actions to Counter Iranian Censorship of the Internet: CISADA, E.O. 13606 and E.O. 13628

- Section 106 of CISADA incorporated the Reduce Iranian Cyber-Suppression Act (111th Congress, S. 1475 and H.R. 3284), prohibiting 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 a joint venture between Nokia (Finland) and Siemens (Germany) that reportedly sold Internet monitoring and censorship technology to Iran in 2008.[32]
- On April 23, 2012, President Obama issued an Executive Order (13606) directly addressing the issue by 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 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 disruptions or monitoring.
- 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 reinforcing 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 Administration 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 111th 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 equipment to help Iranians communicate and use the Internet from the U.S. export ban on Iran.

[32] Christopher Rhoads, "Iran's Web Spying Aided by Western Technology," *Wall Street Journal*, June 22, 2009.

- 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.[33]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 to allow for the sale, *on a cash basis* (no financing), to Iran of equipment (e.g., cellphones, laptops, satellite Internet, website hosting, and related products and services) that Iranians can use to communicate.

Measures to Sanction Human Rights Abuses and Promote the Opposition

Another part of the effort to help Iran's opposition has been legislation to sanction regime officials involved in suppressing the domestic opposition in Iran. Much of this legislation centers around Section 105 of CISADA.

- *Sanctions against Iranian Human Rights Abusers.* Section 105 of CISADA, modeled on a Senate bill in the 111th 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 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.
- *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. Under that section, ISA sanctions are additionally 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 essentially codifies a similar provision of Executive Order 13645.

[33] *Fact Sheet: Treasury Issues Interpretive Guidance and Statement of Licensing Policy on Internet Freedom in Iran*, March 20, 2012.

- *Separate Visa Bans.* Separate from Section 105, on July 8, 2011, the State Department imposed visa restrictions on more than 50 Iranian officials for participating in political repression in Iran. The State Department announcement stated that the names of those subject to the ban would not be released because 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.[34]
- 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, however, 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.

CISADA Section 105 Termination Provision

Section 105 contains its own specific authority to terminate the section through Administration action. Section 105 can be terminated 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.

U.N. Sanctions

Current Status: U.N. sanctions lifted in accordance with JCPOA, and Resolution 2231 replaces other resolutions as the operative Resolution on the Iran nuclear issue.

U.N. sanctions apply to all U.N. member states and thereby have provided a mandate for countries to direct their companies to cooperate with U.S. sanctions. As part of a multilateral process of attempting to convince Iran to choose the path of negotiations or face further penalty, during 2006-2008, three U.N. Security Council resolutions—1737, 1747, and 1803—imposed sanctions primarily on Iran's weapons of mass destruction (WMD) infrastructure. Resolution 1929 was adopted on June 9, 2010, by a vote of 12-2 (Turkey and Brazil), with one abstention (Lebanon). Resolution 1929 was key for its assertion that the energy, financial, and other sectors of the Iranian economy support Iran's nuclear program. That concept in the Resolution is interpreted as giving U.N. member states authorization to cooperate with U.S. sanctions against

[34] http://www.state.gov/r/pa/prs/ps/2013/05/210102.htm.

Iran's energy, financial, and related sectors. A summary of the major provisions of these resolutions is contained in the table below, and entities under U.N. sanctions are in **Table 5**.

U.N. Security Council action was not taken to implement the JPA. U.N. Security Council Resolution 2231 of July 20, 2015, endorsed the JCPOA and its provisions replace those of previous Resolutions as of Implementation Day—the day Iran is certified as completing the nuclear commitments stipulated in the JCPOA. Most of the U.N. sanctions imposed on Iran have been defined by the Administration and its P5+1 partners as "nuclear-related" because the U.N. sanctions were imposed with the expressed purpose of slowing Iran's nuclear program and persuading Iran to negotiate limits on its nuclear program. All the sanctions stipulated in the table below will be lifted on Implementation Day unless otherwise specified.

Table 3. Summary of Provisions of U.N. Resolutions on Iran Nuclear Program (1737, 1747, 1803, 1929, and 2231)

Requires Iran 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)
Freezes the assets of Iranian persons and entities named in annexes to the resolutions, and requires that countries ban the travel of named Iranians. (1737, 1747, 1803, and 1929)
Prohibits transfer to Iran of nuclear, missile, and dual use items to Iran, 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.
Prohibits Iran from exporting arms or WMD-useful technology (1747). This sanction remains in place under Resolution 2231 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 nuclear-capable ballistic missiles for a maximum of eight years.
Mandates 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. (1929) This sanction remains in place under Resolution 2231 for a maximum of five years.
Calls for voluntary restraint on transactions with Iranian banks, particularly Bank Melli and Bank Saderat. (1929)
Calls for vigilance on international lending to Iran and providing trade credits and other financing. (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. (1929)
A Sanctions Committee, composed of the 15 members of the Security Council, monitors implementation of all Iran sanctions and collects and disseminates information on Iranian violations and other entities involved in banned activities. A "panel of experts" is 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.

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

International Implementation and Compliance[35]

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 is generally retrospective, but this report will continue to assess international compliance with those U.S. sanctions that remain in force.*

The JPA required Iran's oil exports to remain constant at the levels they were when it began implementation in January 2014—about 1.1 million barrels per day (mbd) of crude oil. Iran's oil customers are not required to cut average purchases further but are not permitted to increase purchases either. The following countries received active exemptions under Section 1245 of the FY2012 NDAA (on dealings with the Central Bank for oil purchases or other transactions): (1) 10 EU countries,[36] for complying with an EU embargo on Iran oil purchases; (2) China, India, Turkey, South Korea, Japan, and Taiwan, for significantly reducing oil purchases from Iran; and (3) Singapore, Malaysia, South Africa, and Sri Lanka for ending oil purchases from Iran.

Because U.S. sanctions laws do not penalize increases in purchases of condensates (which are produced in association with crude oil or natural gas) - and the JPA did not specifically address condensate volumes - Iran's oil buyers appear to have increased condensate purchases by about 200,000 barrels per day (crude oil equivalent),[37] making Iran's exports of crude and condensates combined about 1.3 mbd.

The United States and its partners have also sought to stop Iran from using traditional trading patterns to evade sanctions. On May 1, 2012, President Obama issued Executive Order 13608, giving 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. The following sections discuss international cooperation with U.S. and U.N. sanctions on Iran. A comparison between U.S., U.N., and EU sanctions against Iran is contained in **Table 4** below. Broader issues of Iranian foreign policy can be found in: CRS Report R44017, *Iran's Foreign Policy*, by Kenneth Katzman.

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 (June 2010), European Union (EU) sanctions

[35] Note: CRS has no mandate or capability to "judge" compliance of any country with U.S., multilateral, or international sanctions against Iran. This section is intended to analyze some major trends in third country cooperation with U.S. policy toward Iran, noting that there are many aspects to U.S. relations with the countries discussed here.

[36] The 10 are Belgium, Czech Republic, France, Germany, Greece, Italy, the Netherlands, Poland, Spain, and Britain.

[37] "Iran Reaps Less Cash From Eased Sanctions Than Predicted." Bloomberg, November 25, 2014.

on Iran became nearly as extensive as those of the United States as discussed below. *Under the JCPOA, virtually all EU sanctions were lifted on Implementation Day.*

The EU banned oil imports as of July 1, 2012, pursuant to a January 23, 2012, EU decision. Collectively, the EU had previously bought about 600,000 barrels per day of Iranian oil in 2011, about a quarter of Iran's total oil exports. The embargo was imposed despite the fact that the most vulnerable EU economies—Spain, Italy, and Greece—were each buying more than 10% of their oil from Iran. Because of the embargo, 10 EU countries have exemptions from sanctions under P.L. 112-81. The EU also banned imports of natural gas from Iran as of October 2012.

- An EU ban on insurance for shipping oil or petrochemicals from Iran took effect on July 1, 2012. *The EU eased this sanction to implement the JPA.*
- There EU has banned trade with Iran in gold, precious metals, diamonds, and petrochemical products. *The EU eased this sanction to implement the JPA.*
- The EU has frozen the assets of Iran's Central Bank, although transactions are permitted for approved legitimate trade, and a freezing of the assets of several Iranian firms involved in shipping. *The JPA did not alter this sanction.*
- The EU banned a ban on transactions between European and all Iranian banks, unless specifically authorized, and a ban on short-term export credits, guarantees, and insurance, as of October 15, 2012. *This sanction was eased by the JPA.*
- The EU banned exports to Iran of graphite, semi-finished metals such as aluminum and steel, industrial software, shipbuilding technology, oil storage capabilities, and flagging or classification services for Iranian tankers and cargo vessels. *With the exception of exports to Iran's automotive sector, the JPA did not alter EU implementation of these sanctions.*
- *SWIFT Cutoff.* Section 220 of the ITRSHRA requires reports on electronic payments systems such as the Brussels-based SWIFT (Society of Worldwide Interbank Financial Telecommunications) that might be doing 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 on March 17, 2012, denying access to 14 Iranian banks blacklisted by the EU. Iranian banks not sanctioned by the EU can still access the SWIFT system.[38] (The United States has sanctioned about 50 Iranian banks, but only those sanctioned by the EU were cut off from SWIFT.) And, some experts report that 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 not suspended to implement the JPA, but it was lifted on Implementation Day under the JCPOA.*
- *De-Listings under the JCPOA*. Under EU Council decisions and regulations, the EU imposed sanctions on many Iranian entities—and a large proportion of these entities were "de-listed" by the EU on Implementation Day and relieved from EU sanctions. However, entities that remain sanctioned by the United States remain subject to U.S. sanctions, even if EU designations are removed.

The harmonization of U.S. and European sanctions on Iran during 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

[38] Avi Jorish, "Despite Sanctions, Iran's Money Flow Continues," *Wall Street Journal*, June 25, 2013.

dialogue with Iran was suspended in April 1997 in response to the German terrorism trial (Mykonos trial) that found high-level Iranian involvement in killing Iranian dissidents in Germany, but resumed in May 1998 during Mohammad Khatemi's presidency of Iran. In the 1990s, European and Japanese creditors bucked U.S. objections and 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.[39] Negotiations were discontinued in late 2005 after Iran abrogated an agreement with several EU countries to suspend uranium enrichment. Similarly, there has, to date, been insufficient international support to grant Iran membership in the World Trade Organization (WTO), even though U.S. Administrations ceased blocking Iran from applying in May 2005. The international position on that issue might eventually change if Iran fully complies with the terms of the JCPOA.

China and Russia

The position of Russia and China, two permanent members of the U.N. Security Council, has historically been that they will impose only those sanctions required by U.N. Security Council resolutions. In August 2014, nearly a year before the JCPOA was agreed, Iran and Russia reached a broad trade and energy deal that is to include an exchange of Iranian oil (500,000 barrels per day) for Russian goods. Russia is an oil exporter, but Iranian oil that Russia would buy under this arrangement would presumably free up additional Russian oil for export. Russia and Iran reaffirmed the deal in April 2015, following the April 2, 2015, framework nuclear accord, and press reports in early June 2015 indicated the two countries might start implementing the arrangement, presumably once the JCPOA sanctions relief takes effect.[40]

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. The Russian announcements in April appeared part of an effort to ensure that Russia has an advantage in access to Iranian markets if sanctions are lifted as part of a comprehensive nuclear deal.

China remains Iran's largest oil customer and its cooperation has been pivotal to U.S. efforts to reduce Iran's revenue from oil sales. To a large degree cooperating with U.S. sanctions, 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 have a large impact in reducing Iran's oil sales by volume and China merits a Section 1245 (P.L. 112-81) sanctions exemption. Several Chinese energy firms invested in Iran's energy sector, but some of these projects have been given to Iranian or other country firms or show little evidence of actual development work.

China settles much of its trade balance with Iran with goods rather than hard currency. Doing so is highly favorable to China financially. Press reports indicated that Iran's automotive sector—the largest industrial sector aside from the energy sector—obtains a significant proportion of its parts

[39] 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.

[40] "Iran Hopes to Begin Russia Oil-for-Goods Exports This Week: Report," *Reuters,* June 7, 2015.

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 have recovered somewhat since the JPA went into effect.[41] Iran and China also have a separate escrow account to pay for China's infrastructure projects in Iran, funded by about $20 billion of Iran's hard currency reserves (funds that will not be repatriated to Iran).

Japan/Korean Peninsula/Other East Asia

Since 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 have cut imports of Iranian oil sharply since 2011. The two countries 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 are said by experts to be the repositories of a large part of the approximately $115 billion in foreign exchange (payments for oil shipments) that Iran holds abroad but could not (until Implementation Day) repatriate because of financial sector sanctions. Both countries are likely increase oil purchases from Iran significantly now that the JCPOA sanctions relief has taken effect: Iran says its sales to Japan are likely to double.[42]

Some South Korean firms have been active in energy infrastructure construction in Iran but, in December 2011, South Korea banned sales to Iran of energy sector equipment. South Korea generally pays Iran's Central Bank through local currency accounts at its Industrial Bank of Korea and Woori Bank, 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. The main South Korean refiners that import Iranian crude are SK Energy and Hyundai Oilbank.

Iran reportedly has ordered from Singapore (Yangzijiang Shipbuilding Holdings Ltd.) 10 ships that Iran (IRISL) is expected to use to transport iron ore and copper to foreign buyers.[43] The purchase could potentially violate IFCA, as discussed above.

North Korea is an ally of Iran and, like Iran, is a subject of international sanctions. North Korea asserts that it is not bound by international sanctions against Iran, and it reportedly cooperates with Iran on a wide range of WMD-related ventures. Press reports in April 2013 said that Iran might supply oil directly to North Korea, but it has not been reported that any such arrangement was finalized. A portion of China's buys of Iranian oil is reportedly re-exported to North Korea.

South Asia: India, Pakistan, and Afghanistan

India

India has implemented U.N.-mandated sanctions against Iran but has always stated reluctance to impose sanctions to the extent the United States and its allies have. India's private sector has viewed Iran as a "controversial market"—a term used by many international firms to describe markets that entail reputational and financial risks. These formal and informal restrictions ended as of Implementation Day.

[41] Nahid Kalbasi."Have International Sanctions Crippled Iran's Auto Industry?" Washington Institute for Near East Policy, June 3, 2015.

[42] "Iran Plans to Double Crude Oil Sales to Japan Post-Sanctions: NIOC," Platt's Oilgram, October 19, 2015.

[43] "Iran Aims to Return to Shipping Market," *Wall Street Journal*, September 17, 2014.

India began reducing economic relations with Iran in 2010, when 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. The account funds the sale to Iran of Indian wheat, pharmaceuticals, rice, sugar, soybeans, auto parts, and other products. Still, there is a large trade imbalance, because the oil Iran exports to India are worth far more than the value of the products that India sells to Iran. India also has reduced its imports of Iranian oil substantially since 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 has incurred significant costs to retrofit refineries that were handling Iranian crude. In advance of President Obama's visit to India in January 2015, the Indian government reportedly requested refiners to further cut purchases from Iran. As shown in the table later in this report, some Indian firms ended or slowed work on investments in Iranian oil and gas fields—work that is likely to resume as of Implementation Day.

India has said it intends to develop Iran's Chahbahar port that would enable India to trade with Afghanistan unimpeded by Pakistan, and work in earnest is expected to begin now that international sanctions have been lifted. Iranian and Indian officials reportedly have periodically discussed the issue of constructing an underwater natural gas pipeline, which would avoid going through Pakistani territory but would be expensive to construct.

Pakistan

A test of Pakistan's compliance with sanctions is a pipeline project intended to carry Iranian gas to Pakistan. 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. Pakistan has not completed its portion of the project, but China's announcement in April 2015 of a $3 billion investment in the project could pave the way for the line's completion. In March 2013, the State Department reiterated earlier comments that the project might be sanctioned under ISA,[44] but the JCPOA removes that potential hurdle. In 2009, India dissociated itself from the project, which was initially conceived as bringing Iranian gas to India, 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.

Afghanistan

Iran has extensive security interests in Afghanistan. However, Afghanistan's economy is small, and very few Iran-Afghanistan economic interactions are subject to international sanctions. Iranian firms have been involved in road and building construction in Afghanistan, mostly near the Iranian border and in Kabul. Some reports say that Iranian currency traders acquire dollars that are plentiful in Afghanistan but in short supply in Iran. Iranian traders—acting on behalf of wealthy Iranians seeking to preserve the value of their savings—are said to be carrying local currency to Afghanistan to buy up some of the dollars available there. There have been allegations that Iran has used an Iran-owned bank in Afghanistan, Arian Bank, to move funds in and out of Afghanistan. The U.S. Department of the Treasury has warned Afghan traders not to process dollar transactions for Iran. The Special Inspector General for Afghanistan Reconstruction reported in January 2013 that Afghan security forces might have used some of U.S. aid funds to purchase fuel from Iran. In September 2013, it was reported that Anham FZCO,

[44] *Asia Times*, March 21, 2014, http://www.atimes.com/atimes/South_Asia/SOU-02-210314.html.

a U.S. contractor building food storage shelters for U.S. troops in Afghanistan, might have violated U.S. sanctions by transshipping building materials through Iran.[45]

Turkey/South Caucasus

Iran has substantial economic relations with Turkey and the countries of the South Caucasus, although Iran's relations with Azerbaijan - even though that country is inhabited mostly by Shiite Muslims - are hindered by substantial political and ideological differences.

Turkey

Turkey remains a significant buyer of Iranian oil. In 2011, it purchased about 200,000 bpd, but it subsequently reduced those buys and Turkey has maintained a Section 1245 NDAA sanctions exemption. 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 have been imposed, possibly because the State Department views the line as crucial to the energy security of Turkey. Prior to the EU decision on October 15, 2012, to bar sales of Iranian gas to Europe, Turkey was also the main conduit for Iranian gas exports to Europe (primarily Bulgaria and Greece). Turkey is expected to resume prior levels of economic interaction with Iran after Implementation Day, although the rate of such resumption might lag due to political disputes over Syria and other regional 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 to Iran consists mainly of Iranian private citizens' purchases of Turkish gold to hedge against the value of the *rial*.

On January 6, 2014, the Commerce Department issued an emergency order blocking a Turkey-based firm (3K Aviation Consulting and Logistics) from re-exporting two U.S.-made jet engines to Iran's Pouya Airline.[46]That and other firms reportedly involved denied planning to do so.

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.

In part because Iran and Azerbaijan are often at odds, Iran and Armenia—Azerbaijan's adversary—enjoy 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 has been issued. Armenia has said its banking controls are strong and that Iran is unable to process transactions illicitly through

[45] "Pentagon Contractor Used Iran for Project," *Wall Street Journal*, September 26, 2013.

[46] "US Acts to Block Turkish Firm from Sending GE Engines to Iran," *Reuters*, January 6, 2014.

Armenia's banks.[47] 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. These institutions could include Artsakhbank and Ameriabank.[48]

Some press reports say that Iran might have used another Caucasian state, Georgia, to circumvent sanctions. IRGC companies reportedly established over a hundred front companies in Georgia for the purpose of importing dual-use items and to boost Iran's non-oil exports. However, observers assert that after substantial Iran-Georgia economic ties were extensively publicized in mid-2013, Georgian businessmen reportedly have reduced transactions with Iran.

Persian Gulf and Iraq[49]

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 2012 and 2013, the Gulf states supplied the global oil market with additional oil. The Gulf states have generally sought to prevent the re-exportation to Iran of U.S. technology, and have curtailed banking relationships with Iran. On the other hand, in order not to antagonize Iran, the Gulf countries still conduct relatively normal trade with Iran. Gulf-based shipping companies such as United Arab Shipping Company reportedly have continued to pay port loading fees to such sanctioned IRGC-controlled port operators as Tidewater.[50]

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) reportedly are imported by Emirates National Oil Company (ENOC) and refined into jet fuel, gasoline, and other products.

Iran and several of the Gulf states have had discussions on various energy transportation projects, but virtually none has come to fruition to date, probably at least in part because of broad regional disputes between Iran and the Gulf states. Iran-GCC disputes accelerated after Iranian protesters attacked Saudi Arabia's embassy in Tehran in January 2016 in response to the Saudi execution of Shiite oppositionist cleric Shaykh Nimr al-Baqr Al Nimr. Saudi Arabia and Bahrain broke relations with Iran, and three of the other GCC states Qatar, UAE, and Kuwait recalled their ambassadors from Tehran. Oman, the GCC state that is closest to Iran, did not take similar action. Kuwait and Iran have held talks on the construction of a 350-mile pipeline that would bring Iranian gas to Kuwait. Bahrain has discussed purchasing Iranian gas as well.[51] Qatar and Iran both appear to be successfully sharing the large gas field in the Gulf waters between them, but with little evidence of any further planned cooperation. Oman and Iran have reportedly discussed a gas pipeline linkage, and the two countries recommitted to the project in September 2015—making this the only Iran-GCC energy transportation project appearing to move forward.

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[47] Louis Charbonneau, "Iran Looks to Armenia to Skirt Banking Sanctions," *Reuters*, August 21, 2012.

[48] Information provided to the author by regional observers. October 2013.

[49] The CRS Report RL32048, *Iran, Gulf Security, and U.S. Policy*, by Kenneth Katzman, discusses the relations between Iran and other Middle Eastern states.

[50] Mark Wallace, "Closing U.S. Ports to Iran-Tainted Shipping. Op-ed," *Wall Street Journal*, March 15, 2013.

[51] http://www.kuwaittimes.net/read_news.php?newsid=NDQ0OTY1NTU4; http://english.farsnews.com/newstext.php?nn=8901181055.

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 on July 23, 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 will supply several power plants. The two countries signed a contract for the pipeline construction, estimated at $365 million, in July 2011, and it reportedly has been completed on both sides of the border.[52] No sanctions have been imposed on the project, to date. In May 2015, Iraq's Al Naser Airlines reportedly helped Iran's sanctioned Mahan Air acquire nine previously-owned aircraft.[53] On May 21, 2015, the Department of the Treasury sanctioned Al Naser and other parties allegedly involved in the transfer.

Iran is supplying advisers and weapons to help Iraq try to defeat Islamic State forces, an organization the United States has said needs to be degraded and ultimately defeated. The Iranian support to the Iraqi government has not been sanctioned, even though Iranian arms exports are prohibited by U.N. Security Council Resolution 1747. The United States has, however, cited that Resolution in pressing Iraq to halt military resupply flights from Iran to Syria. Iran supports the Assad government of Syria, whereas the United States has called for Assad to step down.[54]

Africa and Latin America

During the presidency of Ahmadinejad, Iran looked to several Latin American countries, particularly Venezuela, to try to circumvent international sanctions. For the most part, however, Iran's trade and other business dealings with Latin America have remained too modest to weaken the effect of international sanctions significantly. As noted elsewhere in this report, several Venezuelan firms have been sanctioned for dealings with Iran.

Also during the term of Ahmadinejad, Iran sought to cultivate relations with some African countries to try to circumvent sanctions. However, African countries have tended to avoid dealings with Iran in order to avoid pressure from the United States. South Africa ended its buys of Iranian oil in 2012-13. In June 2012, Kenya contracted to buy about 30 million barrels of Iranian oil, but 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

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 has slated more than $7.5 million in loans for Iran

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[52] Ben Lando, "Iraq Inks Gas Supply Deal with Iran," *Iraq Oil Report*, July 23, 2013.

[53] Eli Lak, "Iran Sanctions Collapsing Already," *Bloomberg News*, May 11, 2015.

[54] Michael Gordon and Eric Schmitt, "Iran Secretly Sending Drones and Supplies to Iraq, U.S. Officials Say," *New York Times*, June 25, 2014.

to dispose of harmful chemicals.[55] However, implementation of the JCPOA will likely cause other countries to vote in favor of new loans 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.

Table 4. Comparison Between U.S., U.N., and EU and Allied Country Sanctions (Prior to Implementation Day)

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
General Observation: Most sweeping sanctions on Iran of virtually any country in the world	Increasingly sweeping, but still intended to primarily target Iran's nuclear and other WMD programs. No mandatory sanctions on Iran's energy sector.	EU closely aligns its sanctions tightening—as well as sanctions relief in the context of the nuclear deal—with those of the U.S. Japan and South Korean sanctions also increasingly extensive.
Ban on U.S. Trade with and Investment in Iran: Executive Order 12959 bans (with limited exceptions) U.S. firms from exporting to Iran, importing from Iran, or investing in Iran. There is an exemption for sales to Iran of food and medical products.	U.N. sanctions do not ban civilian trade with Iran or general civilian sector investment in Iran. Nor do U.N. sanctions mandate restrictions on provision of trade financing or financing guarantees by national export credit guarantee agencies.	No general EU ban on trade in civilian goods with Iran, but bans on certain types of trade as discussed. Japan and South Korea have banned medium- and long-term trade financing and financing guarantees. Short-term credit still allowed.
Sanctions on Foreign Firms that Do Business with Iran's Energy Sector: 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. Some exemptions are permitted for firms of countries that have "significantly reduced" purchases of Iranian oil each 180 days.	No U.N. equivalent exists. However, preambular language in 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 is interpreted by most observers as providing U.N. support for countries who want to ban their companies from investing in Iran's energy sector.	With certain exceptions likely to fulfill the nuclear deal, the EU bans almost all dealings with Iran's energy sector. Japanese and South Korean measures banned new energy projects in Iran and call for restraint on ongoing projects. South Korea in December 2011 cautioned its firms not to sell energy or petrochemical equipment to Iran. Both have cut oil purchases from Iran sharply.

[55] Barbara Slavin, "Obama Administration Holds Up Environmental Grants to Iran," *Al Monitor*, June 23, 2014.

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
Ban on Foreign Assistance: 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).	No U.N. equivalent	EU measures of July 27, 2010, ban grants, aid, and concessional loans to Iran. Also prohibit financing of enterprises involved in Iran's energy sector. Japan and South Korea measures do not specifically ban aid or lending to Iran, but no such lending by these countries is under way.
Ban on Arms Exports to Iran: Iran is ineligible for U.S. arms exports under several laws, as discussed in the report.	Resolution 1929 (paragraph 8) bans all U.N. member states from selling or supplying to Iran major weapons systems, including tanks, armored vehicles, combat aircraft, warships, and most missile systems, or related spare parts or advisory services for such weapons systems.	EU sanctions include a comprehensive ban on sale to Iran of all types of military equipment, not just major combat systems. No similar Japan and South Korean measures announced, but neither has exported arms to Iran. EU and Japan and S. Korea policy on arms sales to Iran unlikely to change after Implementation Day.
Restriction on Exports to Iran of "Dual Use Items": 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.	The U.N. resolutions on Iran, cumulatively, ban the export of almost all dual-use items to Iran.	EU bans the sales of dual use items to Iran, in line with U.N. resolutions. Japan and S. Korea have announced full adherence to strict export control regimes when evaluating sales to Iran. EU and Japan and S. Korea policies on this issue unlikely to change as a result of implementing the JCPOA.
Sanctions Against International Lending to Iran: 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.	Resolution 1747 (oper. paragraph 7) requests, but does not mandate, that countries and international financial institutions refrain from making grants or loans to Iran, except for development and humanitarian purposes.	The July 27, 2010, measures prohibit EU members from providing grants, aid, and concessional loans to Iran, including through international financial institutions. No specific similar Japan or South Korea measures announced.
Sanctions Against Foreign Firms that Sell Weapons of Mass Destruction-Related Technology to Iran: As discussed in this report, 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).	Resolution 1737 (oper. paragraph 12) imposes a worldwide freeze on the assets and property of Iranian entities named in an Annex to the Resolution. Each subsequent resolution has expanded the list of Iranian entities subject to these sanctions.	The EU measures imposed July 27, 2010, commit the EU to freezing the assets of entities named in the U.N. resolutions, as well as numerous other named Iranian entities. Japan and South Korea froze assets of U.N.-sanctioned entities.

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
Ban on Transactions with Terrorism Supporting Entities: 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 so designated.	No direct equivalent, but Resolution 1747 (oper. paragraph 5) bans Iran from exporting any arms—a provision widely interpreted as trying to reduce Iran's material support to groups such as Lebanese Hezbollah, Hamas, Shiite militias in Iraq, and insurgents in Afghanistan.	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. EU and Japan and S. Korea policies not likely to change upon implementation of the JCPOA.
Travel Ban on Named Iranians: 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.	Resolution 1803 imposed a binding ban on international travel by several Iranians named in an Annex to the Resolution. Resolution 1929 extended that ban to additional Iranians, and forty Iranians are now subject to the ban. However, the Iranians subject to the travel ban are so subjected because of their involvement in Iran's WMD programs, not because of involvement in human rights abuses.	The EU sanctions announced July 27, 2010, contains an Annex of named Iranians subject to a ban on travel to the EU countries. An additional 60+ Iranians involved in human rights abuses were subjected to EU sanctions since. Japan and South Korea have announced bans on named Iranians. Travel bans on Iranian human rights abusers likely will not change as a consequence of the JCPOA.
Restrictions on Iranian Shipping: 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.	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.	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. Japan and South Korean measures took similar actions against IRISL and Iran Air.
Banking Sanctions: During 2006-2011, several Iranian banks have been named as proliferation or terrorism supporting entities under Executive Orders 13382 and 13224, respectively (see **Table 5** 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).	No direct equivalent However, two Iranian banks are named as sanctioned entities under the U.N. Security Council resolutions.	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. Japan and South Korea took similar measures South Korea imposed the 40,000 Euro threshhold requiring authorization. Japan and S. Korea froze the assets of 15 Iranian banks; South Korea targeted Bank Mellat for freeze. These allies will be lifting these measures on Implementation Day.

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
U.S. proliferations laws provide for sanctions against foreign entities that help Iran with its nuclear and ballistic missile programs.	Resolution 1929 (paragraph 7) prohibits Iran from acquiring an interest in any country involving uranium mining, production, or use of nuclear materials, or technology related to nuclear-capable ballistic missiles. Paragraph 9 prohibits Iran from undertaking "any activity" related to ballistic missiles capable of delivering a nuclear weapon.	EU measures on July 27, 2010, require adherence to this provision of Resolution 1929. Policies on this issue not likely to changes as a consequence of the JCPOA.

Private-Sector Cooperation and Compliance

The imposition of sanctions on Iran by many governments has caused Iran to be viewed by many worldwide corporations as a "controversial market"—a market that carries political and reputational risks. On the other hand, travelers to Iran say many foreign products, including U.S. products, have been readily available in Iran even at the height of the effectiveness of international sanctions. Several major non-U.S. companies discontinued business with Iran after 2010, but all of them are likely to resume transactions with Iran in light of the lifting of sanctions.

- ABB of Switzerland, a major plant and equipment firm, said in January 2010 it would cease doing business with Iran. Siemens of Germany; Finemeccanica, a defense and transportation conglomerate of Italy; Thyssen-Krupp, a German steelmaker; and Indian conglomerate Tata subsequently followed suit.
- Even though selling finished cars to Iran is not subject to any sanctions, Germany's Daimler (Mercedes-Benz) and Porsche; Toyota (Japan); Fiat (Italy); and South Korea's Hyundai and Kia Motors suspended direct auto sales to Iran.
- As of 2007, BNP Paribas of France ceased pursuing new business in Iran, according to attorneys for the financial firm.
- The State Department reported on September 30, 2010, that Hong Kong company NYK Line Ltd. had ended shipping business with Iran on any goods. 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.
- Well before Executive Order 13590 was issued (see above), one large oil services firm, Schlumberger, incorporated in the Netherlands Antilles, ended its business with Iran.[56] 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 have apparently exited. These firms include Natco Group,[57] Overseas Shipholding Group,[58] UOP (United Oil Products, a Honeywell subsidiary based in Britain),[59] Itron,[60] Fluor,[61] Parker

[56] Farah Stockman, "Oil Firm Says It Will Withdraw From Iran," *Boston Globe*, November 12, 2010.

[57] Form 10-K filed for fiscal year ended December 31, 2008.

[58] Paulo Prada and Betsy McKay, "Trading Outcry Intensifies," *Wall Street Journal*, March 27, 2007; Michael Brush, "Are You Investing in Terrorism?" *MSN Money*, July 9, 2007.

[59] *New York Times*, March 7, 2010, cited previously.

Drilling, Vantage Energy Services,[62] PMFG, Ceradyne, Colfax, Fuel Systems Solutions, General Maritime Company, Ameron International Corporation, and World Fuel Services Corp.

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

Many foreign subsidiaries of U.S. firms exited the Iran market voluntarily, 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.

- Chemical manufacturer Huntsman announced in January 2010 its subsidiaries would halt sales to Iran.
- In January 2005, Iran said it had 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.[63] In April 2007, Halliburton announced that its subsidiaries were no longer operating in Iran.
- As of early 2005, General Electric (GE) ceased pursuing new business in Iran, and it reportedly wound down preexisting contracts by July 2008. GE was selling Iran equipment and services for hydroelectric, oil, and gas services. However, GE subsidiary sales of medical diagnostic products such as MRI machines, marketed through Italian, Canadian, and French subsidiaries, are not generally subject to sanctions and are believed to be continuing.
- On March 1, 2010, Caterpillar Corp. said it had altered its policies to prevent foreign subsidiaries from selling equipment to independent dealers that have been reselling the equipment to Iran.[64] Ingersoll Rand, maker of air compressors and cooling systems, followed suit.[65]
- In April 2010, it was reported that foreign partners of several U.S. or other multinational accounting firms had cut their ties with Iran, including KPMG of the Netherlands, and local affiliates of U.S. firms PricewaterhouseCoopers and Ernst and Young.[66]
- Oilfield services firm Smith International stopped sales to Iran by its subsidiaries in March 2010. Another oil services firm, Flowserve, said its subsidiaries had voluntarily ceased new business with Iran in 2006.[67] Subsidiaries of FMC

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[60] "Subsidiaries of the Registrant at December 31, 2009," http://www.sec.gov/Archives/edgar/data/780571/000078057110000007/ex_21-1.htm.

[61] "Exhibit to 10-K Filed February 25, 2009." Officials of Fluor claim that their only dealings with Iran involve property in Iran owned by a Fluor subsidiary, which the subsidiary has been unable to dispose of. CRS conversation with Fluor, December 2009.

[62] Form 10-K for fiscal year ended December 31, 2007.

[63] "Iran Says Halliburton Won Drilling Contract," *Washington Times*, January 11, 2005.

[64] "Caterpillar Says Tightens 'No-Iran' Business Policy," *Reuters*, March 1, 2010.

[65] Ron Nixon, "2 Corporations Say Business With Tehran Will Be Curbed," *New York Times*, March 11, 2010.

[66] Peter Baker, "U.S. and Foreign Companies Feeling Pressure to Sever Ties With Iran," *New York Times*, April 24, 2010.

[67] In September 2011, the Commerce Department fined Flowserve $2.5 million to settle 288 charges of unlicensed (continued...)

Technologies took similar action in 2009, as did those of Weatherford[68] in 2008. However, in November 2013, Weatherford was fined by the Department of the Treasury for violating sanctions against Iran and other countries.

Effectiveness of Sanctions on Iran

The following sections examine the effectiveness of sanctions on a variety of criteria and goals. This section will be updated to reflect the effect of the sanctions relief, as information becomes available.

Effect on Iran's Nuclear Program and Strategic Capabilities

Iran's acceptance of the JPA and the JCPOA are widely considered evidence that sanctions shifted Iran's nuclear policies. The JPA was agreed shortly after the June 14, 2013, presidential election in which Iranians elected mid-ranking cleric Hassan Rouhani, who ran on a platform of achieving an easing of sanctions and ending Iran's international isolation. Still, Director of National Intelligence James Clapper has testified in recent annual "Worldwide Threat Assessment" briefings to Congress that Iran's ultimate nuclear intentions remain "unclear."

A related question is whether sanctions slowed Iran's nuclear program or strategic weapons programs. Iran's nuclear and other WMD programs advanced despite sanctions. Director of National Intelligence James Clapper has testified that Iran continues to expand the scale, reach, and sophistication of its ballistic missile arsenal. On March 16, 2014, Principal Deputy Assistant Secretary of State for International Security and Nonproliferation Vann Van Diepen said that Iran was still "very actively" creating front companies and engaging in other activity to conceal procurement.[69] Still, some argue that Iran's programs might have advanced faster in the absence of sanctions.[70]

With respect to Iran's conventional military capabilities, sanctions might have eroded those aspects of Iran's conventional capabilities that are most dependent on foreign supplies. Iran has not been able to buy large amounts of conventional arms since the early 1990s. A failure to modernize likely reduces Iran's ability to project power. In December 2014, Iran used 40 year-old aircraft (U.S.-supplied F-4 jets) to strike Islamic State targets in Iraq, near the Iranian border. However, Russia's apparent decision in April 2015 to proceed with delivery of the S-300 air defense system—which is not technically banned by Resolution 1929—could help modernize Iran's air defense system to the point where these systems pose new threats to aircraft flown by the U.S. or other air forces.

On the other hand, Iran's indigenous arms industry has grown over the past two decades, partly mitigating the limited foreign supplies of weaponry. Iran is able to produce some advanced conventional weaponry indigenously, including short range ballistic and cruise missiles. In

(...continued)

exports and re-exports of oil industry equipment to Iran, Syria, and other countries.

[68] 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.

[69] William Maclean. "Iran Pursuing Banned Items for Nuclear, Missile War: U.S. Official," *Reuters*, March 16, 2014.

[70] Speech by National Security Adviser Tom Donilon at the Brookings Institution, November 22, 2011.

addition, Iran might be acquiring some systems, such as smaller ships and small submarines, from foreign suppliers such as North Korea that do not abide by U.N. restrictions.[71]

Effects on Iran's Regional Influence

Another question is whether sanctions weakened Iran's ability to accomplish its foreign policy objectives. To date, neither sanctions nor the significant fall in oil prices since mid-2014 has materially reduced Iran's ability to arm militant movements in the Middle East or to support friendly governments such as that of President Bashar Al Assad of Syria and the Shiite-dominated government of Iraq. Some regional governments express concern that the sanctions relief of the JCPOA will provide Iran with greater resources with which it could pursue its regional objectives. The Administration has not dismissed that possibility, while at the same time arguing that the more likely scenario is that Iran uses the bulk of any additional funds to rebuild its civilian economy. Iranian economic officials have said publicly that Iran will likely use foreign exchange reserves that it will be able to access primarily to finance domestic investments, and some of the funds will be kept abroad for financial management purposes.[72] 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. Iran's use of additional funds available from JCPOA-related sanctions relief is analyzed in greater detail in: CRS Report R44017, *Iran's Foreign Policy*, by Kenneth Katzman.

General Political Effects

Sanctions appear to have produced some political change in Iran. The support of Iranians seeking reintegration with the international community and sanctions relief helped power Rouhani—the most moderate of the candidates permitted to run—to a first round victory in the June 2013 presidential election. No U.S. Administration has stated that sanctions on Iran were intended to bring about the change of Iran's regime, although some have asserted that that outcome should have been the goal of the sanctions. Since 2012 there has been labor and other public unrest over escalating food prices and the fall of the value of Iran's currency, but the unrest has not been large or sustained.

Many Iranians cheered the finalization of the JCPOA on July 14, undoubtedly contributing to Supreme Leader Khamene'i's tacit acceptance of the deal. The sanctions relief now in effect could propel pro-Rouhani candidates to victory in the February 26, 2016, elections for the *Majles* (parliament) and a key clerical body (Assembly of Experts) that is mandated to select a new Supreme Leader when Khamene'i leaves the scene. The economic benefits of sanctions relief could also propel Rouhani to re-election in 2017 and could boost the future political prospects of chief Iranian negotiator of the accord, Foreign Minister Mohammad Javad Zarif. On the other hand, some pro-Rouhani candidates might be prevented from running by the powerful cleric-controlled Council of Guardians. And, the effect of sanctions relief might not be evident to the Iranian public by the time of the *Majles* elections and might not affect the outcome.

Human Rights-Related Effects

Recent human rights reports by the State Department and the U.N. Special Rapporteur on Iran's human rights practices assess that there has not been net improvement in Iran's human rights

[71] Department of Defense, *Annual Report of Military Power of Iran*, April 2012.

[72] "Iran to Use Frozen Funds to Fund Investments: Central Bank," *Reuters*, July 23, 2015.

practices in recent years. President Rouhani has achieved the release of a few political prisoners and press reports say media freedoms have increased slightly since he took office, but executions have become more frequent. And, in October 2015, Iran not only convicted Iranian-American journalist Jason Rezaian but also imprisoned another dual national, business analyst Siamak Namazi. On the other hand, Rouhani apparently prevailed on the judiciary to release four U.S.-Iran nationals on Implementation Day, suggesting that he might have some influence over hardline institutions when doing so is widely perceived by Iranian leaders to be in Iran's interests.

Sanctions have apparently not reduced the regime's ability to monitor and censor use of the Internet, even though the Government Accountability Office (GAO) stated on January 13, 2015 (GAO-15-258R), that no foreign firms were reported to have exported technologies to the Iranian government for blocking telecommunications during 2014. This GAO analysis suggests that firms that pledged to stop selling the Iranian government such equipment, including German telecommunications firm Siemens, Chinese Internet infrastructure firm Huawei, and South African firm, MTN Group, have done so. In October 2012, Eutelsat, a significant provider of satellite service to Iran's state broadcasting establishment, ended that relationship following EU sanctioning in March 2012 of the head of the Islamic Republic of Iran Broadcasting (IRIB), Ezzatollah Zarghami.

Economic Effects

Sanctions have taken a toll on Iran's economy, by all accounts, as indicated below.

- *GDP Decline*. 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 is now 15%-20% smaller than it would have been had post-2010 sanctions not been imposed.[73] The sanctions relief of the JPA enabled Iran to achieve slight growth of about 3% in 2014, but growth decelerated to below 2% in 2015 because of low oil prices, according to the International Monetary Fund.[74] The number of nonperforming loans held by Iranian banks increased to about 15%-30%,[75] and many employees in the private sector have gone unpaid or have experienced significant payment delays. The unemployment rate is about 20%, according to a wide range of outside sources. Sanctions relief under the JCPOA might return Iran to nearly double-digit growth in the first year if, as Secretary Lew asserts, Iran uses the sanctions relief mostly to try to rebuild its civilian economy. Iran has key inherent economic strengths, including an educated workforce—including the highest percentage of engineering graduates in the world—that is familiar with the use of the Internet and other modern technologies.
- *Oil Exports.* As noted in **Table 2**, sanctions drove Iran's crude oil sales down about 60% from the 2.5 mbd of sales in 2011, reducing Iran's crude oil sales revenue from $100 billion in 2011 to about $35 billion in 2013 and even less in 2014—in part because oil prices fell in the second half of 2014. The JPA caps Iran's crude oil exports at about 1.1 mbd[76] but, as of Implementation Day, Iran is

[73] Department of the Treasury. Remarks of Secretary Jacob J. Lew at the Washington Institute for Near East Policy 30th Anniversary Gala. April 29, 2015.

[74] http://www.worldbank.org/en/country/iran/overview.

[75] "Iran's Pivotal Moment." http://www.euromoney.com/Article/3380090/Irans-pivotal-moment.html, 2014.

[76] "Why Higher Iran Oil Exports Are Not Roiling Nuclear Deal," *Reuters*, June 13, 2014.

able to export oil freely again. According to the comments by Treasury Secretary Lew, cited above, U.S. sanctions have cost Iran over $160 billion in oil revenues since 2012.

- *Falling Oil Production*. When JPA implementation began in early 2014, Iran's oil production stood at about 2.6-2.8 mbd down from nearly 4.1 mbd at the end of 2011.[77] Iran has avoided more dramatic production by storing about 50 million barrels on tankers in the Persian Gulf or in tanks on shore. According to Treasury Secretary Lew (cited above), it is not certain that Iran can quickly return its exports to pre-2012 levels now that sanctions are lifted. Iran's infrastructure needs substantial improvement. However, in connection with Implemenation Day, Iranian oil officials say that they are making up to 500,000 barrels per day of additional oil available for export, although a significant market oversupply and fallen prices might limit that amount.
- *Hard Currency Inaccessible*. Not only have Iran's oil exports fallen by volume, but Iran is not paid in hard currency for its oil (other than the $700 million per month agreed under the JPA) and cannot access most of its hard currency held in accounts abroad. The total Iranian hard currency reserves held in foreign banks and inaccessible to Iran are estimated to be about $115 billion.[78] Of that amount, according to the Administration, only about $56 billion is accessible as of Implementation Day, because about $60 billion is owed to creditors such as China ($20 billion) or to repay non-performing loans extended to Iranian energy companies working in the Caspian and other areas in Iran's immediate neighborhood. And, Iran needs to keep some of its remaining available reserves held abroad for cash management purposes.
- *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 is currently about 37,000 to the dollar, and the government has repeatedly adjusted the official rate (currently about 27,000 to the dollar) to reduce the spread between it and 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 has helped reduce the inflation rate to about 15%.
- *Industrial Production*. Iran's economy is industrializing, but the growing light-medium manufacturing sector remains dependent on imported parts. The decline of the *rial* and financial sanctions that complicated obtaining trade credit have created difficulties for Iranian manufacturers, who have had to pre-pay for imported parts through time-consuming and circuitous mechanisms. This difficulty is particularly acute in the automotive sector; 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 modestly since during the JPA and is likely to rebound significantly if the JCPOA is implemented.

[77] Rick Gladstone, "Data on Iran Dims Outlook for Economy," *New York Times*, October 13, 2012.

[78] CRS conversation with Treasury Department officials. July 2015.

Iran's Economic Coping Strategies

Iran had some success mitigating the economic effect of sanctions—steps that also position Iran to benefit significantly now that sanctions relief is implemented.

Promoting Non-Oil Exports. One of Iran's coping strategies has been to substitute for crude oil sales by increasing sales of non-oil products. Some of the non-oil exports that have grown in recent years include minerals, cement, urea fertilizer, and other agricultural and basic industrial goods. The main customers for these exports are countries in the immediate neighborhood. 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 budget.[79]

Oil Products/Condensate Sales. Iran has sought to increase sales of oil products such as petrochemicals and condensates to compensate for some lost crude oil export revenue. In 2014, Iran exported to its main oil customers the equivalent of about 200,000 barrels per day of crude oil in condensates,[80] producing about $4.7 billion in additional revenue, [81] and similar amounts in 2015.

Reallocation of Investment Funds and Import Substitution. Iranian manufacturers have increased production of some goods as Iranians cut back on purchases of imported goods. This trend is considered positive by Iranian economists and Iranian political leaders including Supreme Leader Khamene'i who have long maintained that Iran should expand domestic manufacturing capabilities and reduce dependence on oil revenues and imported goods. In addition, some private funds went into the Tehran stock exchange and hard assets, such as property. However, many of these trends generally benefit the urban elite.

Partial Privatization. Some observers report that, 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 apparently incorporated as holding companies, foundations, or investment groups. Observers, using data from the Iranian Privatization Organization, say there might be about 120 such entities and that they now control perhaps 50% of Iran's GDP.[82] Other reports say that Rouhani is pressing the IRGC to divest from businesses it owns or invests in, in part to shield those firms from sanctions on the IRGC that are being kept in place by the United States and the EU.

Subsidy Reductions. In 2007, Ahmadinejad's government instituted a program to wean the population off of generous subsidies by compensating families with cash payments of about $40 per month. Gasoline prices began to run on a tiered system that brought them closer to regional prices—and far above the subsidized price of 40 cents per gallon. However, as sanctions began to crimp government revenues, in late 2012 Ahmadinejad postponed "phase two" of the subsidy phase-out effort. In April 2014, Rouhani instituted phase two by raising gasoline prices further and limiting the cash payments to only those families who could claim financial hardship. On December 1, 2014, subsidies on bread were reduced and bread prices rose 30%. In August 2015, cash subsidies to all but the poorest Iranians were ended. Rouhani also has improved collections of taxes and of price increases for electricity and natural gas utilities.[83]

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[79] Testimony of Patrick Clawson before the Senate Banking Committee. January 21, 2015.

[80] Clifford Krauss, "With Gas Byproduct, Iran Sidesteps Sanctions," *New York Times*, August 13, 2014.

[81] "Iran Reaps Less Cash from Eased Sanctions Than Predicted," op. cit.

[82] Kevan Harris, "Iran's Political Economy Under and After the Sanctions," *Washington Post* blogs, April 23, 2015.

[83] Patrick Clawson testimony, January 21, 2015, op. cit.

Import Restrictions. To conserve hard currency, Iran has 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. As noted above, the government has sought to align the official "reference" rate with the free market (or "black market") exchange rate.

Effect on Energy Sector Long-Term Development

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, let alone increase, production. U.S. officials estimated in 2011 that Iran had lost $60 billion in investment in the sector as numerous major firms have announced pullouts from some of their Iran projects, declined to make further investments, or resold their investments to other companies. Iran says it needs $130 billion-$145 billion in new investment by 2020 to keep oil production capacity from falling.[84] Further development of the large South Pars gas field alone requires $100 billion.[85]

Even though some international firms remain invested in Iran's energy sector, observers at key energy fields in Iran say there has been little evidence of foreign company development activity sighted at Iran's various oil and gas development sites since 2010 as energy firms apparently have sought to avoid triggering U.S. sanctions (see **Table 5**). Some investments have avoided sanctions either through Administration waivers or invocation of the ISA "special rule," whereas other projects have not been determined as ISA violations and may still be under State Department investigation. Some work abandoned by foreign investors has been assumed by domestic companies, particularly those controlled or linked to the Revolutionary Guard (IRGC). Foreign firms are reluctant to partner with IRGC firms because international sanctions target the IRGC and its corporate affiliates. The Iranian firms, in particular, are reportedly not as technically capable as the international firms that have withdrawn.

The JPA did not ease sanctions against investing in Iran's energy sector. However, the JPA and the JCPOA have caused some international firms to discuss with Iranian energy officials future investment. Iran is reportedly working actively to lure foreign investors back into the sector, including by hiring back many of the former officials that successfully negotiated past investments. Since the JCPOA was agreed, representatives of several international energy firms have visited Iran to discuss future investment opportunities. However, the significant market oversupply might limit new investment in Iran's energy sector at least in the short term.

Implementation Day also opens 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.

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[84] Khajehpour presentation at CSIS, op. cit.

[85] "Iran Faces Steep Climb to Join Gas Superpowers by 2017," *International Oil Daily,* April 29, 2014.

Table 5. Post-1999 Major Investments/Major Development Projects in Iran's Energy Sector

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
February 1999	**Doroud (oil)** (Energy Information Agency, Department of Energy, August 2006.) Total and ENI exempted from sanctions on September 30 because of pledge to exit Iran market	Total (France)/ENI (Italy)	$1 billion	205,000 bpd
April 1999	**Balal (oil)** ("Balal Field Development in Iran Completed," *World Market Research Centre*, May 17, 2004.)	Total/ Bow Valley (Canada)/ENI	$300 million	40,000 bpd
Nov. 1999	**Soroush and Nowruz (oil)** ("News in Brief: Iran." *Middle East Economic Digest* [MEED], January 24, 2003.) Royal Dutch exempted from sanctions on 9/30 because of pledge to exit Iran market	Royal Dutch Shell (Netherlands)/Japex (Japan)	$800 million	190,000 bpd
April 2000	**Anaran bloc (oil)** (MEED Special Report, December 16, 2005, pp. 48-50.)	Norsk Hydro and Statoil (Norway) and Gazprom and Lukoil (Russia) No production to date; Statoil and Norsk exited.	$105 million	65,000
July 2000	**Phase 4 and 5, South Pars (gas)** ENI exempted 9/30 based on pledge to exit Iran market	ENI Gas onstream as of Dec. 2004	$1.9 billion	2 billion cu. ft./day (cfd)
March 2001	**Caspian Sea oil exploration**—construction of submersible drilling rig for Iranian partner (IPR Strategic Business Information Database, March 11, 2001.)	GVA Consultants (Sweden)	$225 million	NA
June 2001	**Darkhovin (oil)** ("Darkhovin Production Doubles." Gulf Daily News, May 1, 2008.) ENI told CRS in April 2010 it would close out all Iran operations by 2013. ENI exempted from sanctions on 9/30, as discussed above	ENI Field in production	$1 billion	100,000 bpd
May 2002	**Masjid-e-Soleyman (oil)** ("CNPC Gains Upstream Foothold." MEED, September 3, 2004.)	Sheer Energy (Canada)/China National Petroleum Company (CNPC). Local partner is Naftgaran Engineering	$80 million	25,000 bpd
Sept. 2002	**Phase 9 + 10, South Pars (gas)** ("OIEC Surpasses South Korean Company in South Pars." IPR Strategic Business Information Database, November 15, 2004.)	LG Engineering and Construction Corp. (now known as GS Engineering and Construction Corp., South Korea) On stream as of early 2009	$1.6 billion	2 billion cfd
October 2002	**Phase 6, 7, 8, South Pars (gas)** (Source: Statoil, May 2011) Field began producing late 2008; operational	Statoil (Norway)	$750 million	3 billion cfd

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
	control handed to NIOC in 2009. Statoil exempted from sanctions on 9/30/2010 after pledge to exit Iran market.			
January 2004	**Azadegan (oil)—South and North** October 15, 2010: Inpex announced it would exit the Azadegan project entirely by selling its 10% stake; "special rule" exempting it from ISA investigation invoked November 17, 2010. China National Petroleum Corp. took a majority stake in South and North Azadegan fields in January 2009. However, on April 29, 2014, Iran cancelled the South Azadegan contract citing CNPC for performing "no effective work" since taking the stake in 2009. Industry sources say CNPC likely to also lose North Azadegan project also. (Iran-CNPC Breakup: Tehran Eyes the West, Christian Science Monitor, May 5, 2014.	Inpex (Japan) and CNPC (China)	$200 million (Inpex stake); China $2.5 billion	260,000 bpd
August 2004	**Tusan Block** Oil found in block in Feb. 2009, but not in commercial quantity, according to the firm. ("Iran-Petrobras Operations." APS Review Gas Market Trends, April 6, 2009; "Brazil's Petrobras Sees Few Prospects for Iran Oil," http://www.reuters.com/article/idUSN0317110720090703.	Petrobras (Brazil)	$178 million	No production
October 2004	**Yadavaran (oil)** Christian Science Monitor reports May 5, 2014 (op. cit.), that Iran says Sinopec has "experienced problems with regards to progress" on the field, which also extends into Iraq. But International Oil Daily quotes company on May 7, 2014, as saying project is on course to produce an initial 85,000 bpd by the end of 2014.	Sinopec (China), deal finalized Dec. 9, 2007	$2 billion	300,000 bpd
2005	**Saveh bloc (oil)** GAO report, cited below	PTT (Thailand)	?	?
June 2006	**Garmsar bloc (oil)** Deal finalized in June 2009 ("China's Sinopec signs a deal to develop oil block in Iran—report," Forbes, 20 June 2009, http://www.forbes.com/feeds/afx/2006/06/20/afx2829188.html.)	Sinopec (China)	$20 million	?
July 2006	**Arak Refinery expansion** (GAO reports; Fimco FZE Machinery website; http://www.fimco.org/index.php?option=com_content&task=view&id=70&Itemid=78.)	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	**Khorramabad block (oil)** Seismic data gathered, but no production is planned. (Statoil factsheet, May 2011)	Norsk Hydro and Statoil (Norway).	$49 million	?

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Dec 2006	**North Pars Gas Field (offshore gas).** 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
February 2007	**LNG Tanks at Tombak Port** 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	**Phase 13, 14—South Pars (gas)** Deadline to finalize as May 20, 2009, apparently not met; firms submitted revised proposals to Iran in June 2009. (http://www.rigzone.com/news/article.asp?a_id=77040&hmpn=1.) 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	?
March 2007	**Esfahan refinery upgrade** ("Daelim, Others to Upgrade Iran's Esfahan Refinery." *Chemical News and Intelligence*, March 19, 2007.)	Daelim (S. Korea)		NA
July 2007	**Phase 22, 23, 24—South Pars (gas)** 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	**Golshan and Ferdowsi onshore and offshore gas and oil fields and LNG plant** 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.)	**Jofeir Field (oil)** 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	**Dayyer Bloc (Persian Gulf, offshore, oil)** GAO reports	Edison (Italy)	$44 million	?
February 2008	**Lavan field (offshore natural gas)** 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	

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
March 2008	**Danan Field (on-shore oil)** "PVEP Wins Bid to Develop Danan Field." Iran Press TV, March 11, 2008	Petro Vietnam Exploration and Production Co. (Vietnam)	?	?
April 2008	**Iran's Kish gas field** Includes pipeline from Iran to Oman	Oman (co-financing of project)	$7 billion	1 billion cfd
April 2008	**Moghan 2 (onshore oil and gas, Ardebil province)** January 7, 2014, GAO report says INA has withdrawn from Iran.	INA (Croatia)	$40-$140 million (dispute over size)	?
2008	**Kermanshah petrochemical plant (new construction)** GAO reports	Uhde (Germany)		300,000 metric tons/yr
June 2008	**Resalat Oilfield** Status of work unclear	Amona (Malaysia). Joined in June 2009 by CNOOC and another China firm, COSL.	$1.5 billion	47,000 bpd
January 2009	**Bushehr Polymer Plants** 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.
March 2009	**Phase 12 South Pars (gas)**—Incl. LNG terminal construction and Farsi Block gas field/Farzad-B bloc.	Taken over by Indian firms (Oil and Natural Gas Corp. of India, Oil India Ltd., India Oil Corp. Ltd. in 2007); may also include minor stakes by Sonanagol (Angola) and PDVSA (Venezuela).	$8 billion from Indian firms/$1.5 billion Sonangol/$780 million PDVSA	20 million tonnes of LNG annually by 2012
August 2009	**Abadan refinery** 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	**South Pars Gas Field—Phases 6-8, Gas Sweetening Plant** 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	**South Pars: Phase 12—Part 2 and Part 3** ("Italy, South Korea To Develop South Pars Phase 12." Press TV [Iran], November 3, 2009, http://www.presstv.com/pop/Print/?id=110308.)	Daelim (S. Korea)—Part 2; Tecnimont (Italy)—Part 3	$4 billion ($2 bn each part)	
Feb. 2010	**South Pars: Phase 11** Drilling was to begin in March 2010, but CNPC pulled out in October 2012. (Economist Intelligence Unit "Oil Sanctions on Iran: Cracking Under Pressure." 2012.)	CNPC (China)	$4.7 billion	

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
2011	**Azar Gas Field** Gazprom contract voided in late 2011 by Iran due to Gazprom's unspecified failure to fulfill its commitments.	Gazprom (Russia)		
Dec. 2011	**Zagheh Oil Field** Preliminary deal signed December 18, 2011(Associated Press, December 18, 2011)	Tatneft (Russia)	$1 billion	55,000 barrels per day within five years

Sources: As noted in table, as well as CRS conversations with officials of the State Department Bureau of Economics, and officials of embassies of the parent government of some of the listed companies. Some information comes from various GAO reports, the latest of which was January 13, 2015 (GAO-15-258R).

Note: CRS has neither the mandate, the authority, nor the means to determine which of these projects, if any, might constitute a violation of the Iran Sanctions Act. CRS has no way to confirm the precise status of any of the announced investments; some investments may have been resold to other firms or terms altered since agreement. In virtually all cases, such investments and contracts represent private agreements between Iran and its instruments and the investing firms, and firms are not necessarily required to confirm or publicly release the terms of their arrangements with Iran. 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.[86] 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.

[86] Information in this section derived from Javier Blas, "Traders Cut Iran Petrol Line," *Financial Times*, March 8, 2010.

Table 6. Firms That Sold Gasoline to Iran

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)[87]
Lukoil of Russia was reported to have ended sales to Iran in April 2010,[88] although some reports continue that Lukoil affiliates are 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)[89]
Tupras of Turkey (stopped selling to Iran as of May 2011, according to the State Department)
British Petroleum of United Kingdom, Shell, Q8, Total, and OMV are no longer 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 no longer leases 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[90]
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.
Some of the firms sanctioned by the Administration on May 24, 2011 (discussed above), may still be providing service to Iran, 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.
Zhuhai Zhenrong, Unipec, 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. (Zhuhai Zhenrong has been "de-listed" from U.S. sanctions as of 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). (Royal Oyster has been "de-listed from U.S. sanctions as of Implementation Day.)
Hin Leong Trading of Singapore has asserted that it is no longer selling gasoline to Iran. There is no current available information on whether Kuo Oil of Singapore has or has not stopped selling gasoline to Iran. (Kuo has been "de-listed from U.S. sanctions as of Implementation Day.)

Source: CRS conversations with various firms, various GAO reports, various press reports.

[87] http://www.ft.com/cms/s/0/009370f0-486e-11df-9a5d-00144feab49a.html.

[88] http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105.

[89] http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105.

[90] http://www.defenddemocracy.org/index.php?option=com_content&task=view&id=11788115&Itemid=105.

Humanitarian Effects/Air Safety

Humanitarian-related effects of sanctions have been noted in several sectors, and some of the sanctions easing in the JPA were intended to mitigate these effects. Press reports have mounted since mid-2012 that sanctions have hurt the population's ability to obtain Western-made medicines, such as expensive chemo-therapy medicines. Some of the scarcity is caused by banks' refusal to finance such sales, even though doing so is technically allowed under all applicable 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, are taking advantage of medicine shortages by cornering the import market for key medicines.

Some human rights and other groups have suggested potential solutions. The JPA provided for the international community to provide enhanced financial channels for Iran to import medicines, although the exact mechanism has generally been 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.[91]

In the aviation sector, some Iranian pilots have complained publicly and stridently that U.S. sanctions are causing 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 difficultly in acquiring U.S. spare parts.[92] The JPA provides for new 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).

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.

Sanctions Easing Under the JPA and JCPOA

The following sanctions discuss sanctions relief provided or to be provided in connection with the interim nuclear agreement and potential comprehensive nuclear agreement.

Sanctions Eased by the JPA

U.S. officials have said that the JPA provides "limited, temporary, targeted, and reversible" easing of international sanctions and that, despite visits to Iran by business delegations, there has not been a decline in international compliance with the sanctions regime since JPA implementation began. Under the JPA:[93]

- Iran's current oil customers are not required reduce their oil purchases from Iran "significantly" from the levels they were when the JPA went into effect. To avoid

[91] "U.S. Pushes to Expedite Some Humanitarian Shipments to Iran," *WSJ.com*, July 28, 2014.

[92] Thomas Erdbink, "Iran's Aging Airliner Fleet Seen As Faltering Under U.S. Sanctions," July 14, 2012.

[93] The Administration sanctions suspensions and waivers are detailed at http://www.state.gov/p/nea/rls/220049.htm.

penalizing these oil buyers while the JPA is in effect, the Administration has exercised waiver authority under 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) have been issued to permit transactions with NIOC. The European Union has amended its own regulations to allow shipping insurers to provide insurance for ships carrying oil from Iran.[94] *These waivers and sanctions suspensions do not permit U.S. companies to trade in such goods with Iran.*

- Iran is able to repatriate $700 million per month in oil sales proceeds while the JPA is in effect and $65 million per month to make tuition payments for Iranian students abroad (paid directly to the educational institutions). The waiver authority under Section 1245(d)(1) of the FY2012 NDAA enables Iran to receive these proceeds directly.
- The JPA permits Iran 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. To enable these transactions, the Administration suspended application of Executive Orders 13622 and 13645, several provisions of U.S.-Iran trade regulations, and several sections of IFCA.
- The parties to the JPA pledged to facilitate humanitarian transactions that are already allowed by U.S. and partner country laws. The United States has 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 the appropriate equipment to Iranian airlines. Several Iranian airlines, including Iran Air, have been designated for sanctions under Executive Order 13382, which blocks U.S.-based property of entities designated as "proliferation supporters." The Administration has suspended application of Executive Order 13382 and certain provisions of U.S. trade regulations with Iran to allow the supply of equipment to Iran Air.
- The JPA required that the P5+1 "not impose new nuclear-related sanctions," if Iran abides by its commitments under this deal, to the extent permissible within their political systems.[95]

[94] Daniel Fineren, "Iran Nuclear Deal Shipping Insurance Element May Help Oil Sales," *Reuters*, November 24, 2013.

[95] 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

The easing of sanctions under the JCPOA is consistent with the stipulations of the framework accord, but the great bulk of sanctions relief occurs at the Implementation Day of the JCPOA—the day when the IAEA certifies that Iran has completed stipulated core nuclear tasks. According to the text of the JCPOA, the following sanctions are to be eased:[96]

- **Sanctions Relief Timeframe**. Many U.S., virtually all EU, and most U.N. sanctions were suspended on Implementation Day (January 16, 2016 - the day the IAEA verified that Iran has completed the key nuclear-related steps that are stipulated in an Annex of the JCPOA). The sanctions suspended are mostly those imposed since U.N. Security Council Resolution 1929 was enacted in June 2010;[97] that Resolution identified Iran's energy sector as a potential contributor to Iran's "proliferation-sensitive nuclear activities."[98]
- The U.S. sanctions that are suspended are primarily those that sanction foreign entities and countries for conducting specified transactions with Iran (so-called "secondary sanctions"). U.S. sanctions that generally prohibit U.S. firms from conducting transactions with Iran are not being altered, with the exceptions discussed above such as the sale to Iran of commercial aircraft and the importation of Iranian luxury goods.[99] The ban on direct Iranian transactions with the U.S. financial system will also remain in place, which could hinder Iran's ability to be paid for oil with U.S. dollars.
- **Type of Sanctions to Be Removed or Suspended**. The sanctions to be eased in accordance with the JCPOA include:[100] (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) banking sanctions, including opening foreign banks to resume transactions with most major Iranian banks; (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 enables Iran to move funds from abroad to its Central Bank or its commercial banks.
- **U.S. Laws to Be Waived and Executive Orders to Be Terminated**. The suspension of U.S. sanctions as required under the JCPOA will necessitate: exercising presidential authority to waive sanctions mandated by the core provisions of the Iran Sanctions Act (P.L. 104-172 as amended; Section 1245(d)(1) of the National Defense Authorization Act for FY2012 (P.L. 112-81); the Iran Threat Reduction and Syria Human Rights Act (P.L. 112-158); and the Iran Freedom and Counter-Proliferation Act (Subtitle D of P.L. 112-239). The core provision of CISADA (P.L. 111-195) that sanctions foreign banks that do

[96] http://www.politico.com/story/2015/07/full-text-iran-deal-120080.html.

[97] The exact U.S. sanctions laws whose provisions might be waived are discussed in CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman, and CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by Dianne E. Rennack.

[98] The text of the Resolution is at https://www.iaea.org/sites/default/files/unsc_res1929-2010.pdf.

[99] The U.S. importation of these luxury goods was permitted during 2000-2010, under a modification to the Executive Order 12959 that imposed a ban on U.S. trade with Iran.

[100] 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.

business with sanctioned Iranian banks is not being waived by the Administration, but most Iranian banks have been "de-listed" from designation under various U.S. Executive Orders (13224 and 13382), thereby opening de-listed banks and other de-listed entities to the international financial system again. The statutory basis for the sanctions would remain unchanged by the agreement. Banks that were listed for involvement in terrorism funding activities include Bank Saderate, Ansar Bank, and Mehr Bank, and were not de-listed. In accordance with the JCPOA, on "Adoption Day" (October 18, 2015)—the day the JCPOA formally entered into force that was 90 days after passage of Resolution 2231—the Administration issued provisional waivers of the stipulated laws, and the waivers are to take effect on "Implementation Day," which is expected in mid-late January 2016.

- Implementing the U.S. commitment required terminating the provisions of the following Executive Orders: 13574, 13590, 13622, 13645, and sections 5-7 and 15 of Executive Order 13628.[101] These orders were terminated on Implementation Day by Executive Order 13716.
- Under The JCPOA, the United States is to revoke the designations made under various executive orders of numerous 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. As noted, that step would enable foreign companies (including banks) to resume transactions with those Iranian entities without risking being penalized by the United States. This step was taken on Implementation Day. (The tables at the end of the report depicts in italics those entities de-listed by the United States under the JCPOA.)
- **Request for Congress to Lift Sanctions Outright**. The JCPOA requires the U.S. Administration, within eight years, to request that Congress lift virtually all of the sanctions that will be suspended under the JCPOA. The JCPOA requires all U.N. sanctions to terminate after 10 years of adoption of the JCPOA. Under the JCPOA, the eight year mark after JCPOA adoption is known as the "Transition Day" and the 10-year mark is known as the "Termination Day."
- **U.S. Sanctions to Remain in Place**. The JCPOA does not commit the United States to suspend U.S. sanctions on Iran for terrorism or human rights abuses, and on foreign arms sales to Iran or sales of proliferation-sensitive technology such as ballistic missile technology. U.S. sanctions that are not required to be suspended under the JCPOA, include (1) E.O. 13224 sanctioning terrorism entities (not specific to Iran); (2) the Iran-Iraq Arms Non-Proliferation Act that sanctions foreign firms that sell arms and weapons of mass destruction-related technology to Iran; (3) the Iran-North Korea-Syria Non-Proliferation Act (INKSNA); [102]and (4) executive orders and the provisions of CISADA, ITRSHRA, and IFCA that pertain to human rights or democratic change in Iran. As noted, the core provision of CISADA that sanctions foreign banks that deal

[101] For more information on these Executive Orders and their provisions, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman; and CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by Dianne E. Rennack.

[102] The JCPA does commit the United States to terminate sanctions with respect to some entities designated for sanctions under INKSNA.

with designated Iranian entities will remain in place (although most entities related purely to Iran's energy and banking and civilian sector are being "de-listed" under the JCPOA). IRGC, military, proliferation-related, and human rights and terrorism related entities will not be "de-listed." Iran also will be remaining on the "terrorism list" and all sanctions triggered by that designation will remain in place, at least for now. The U.S. Administration has not pledged to revisit, as a direct consequence of a nuclear accord, Iran's designation as a state sponsor of terrorism.

- **U.N. Sanctions on Arms Sales and Ballistic Missiles to Be Terminated After Several Years.** 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 April 2 framework accord indicated that these sanctions would remain in place in the JCPOA but, as subsequently negotiated, the ban on Iran's development of nuclear-capable ballistic missiles is to be lifted within eight years of the JCPOA and the ban on conventional arms sales to Iran is to be lifted within five years.[103] These provisions are included in U.N. Security Council Resolution 2231. Still, as noted, those U.S. sanctions that seek to hinder Iran's development of missiles are remaining in place. In late December 2015, the Administration circulated to Congress a Treasury Department draft determination to add 11 entities to the list of sanctioned persons under Executive Order 13382 for reported involvement in Iran's ballistic missile program. The designations followed Iran's tests in October and November 2015 of ballistic missiles that the United States, the former of which the Administration asserted violated Resolution 1929. The designations were issued on January 17, 2016, the day after Implementation Day.
- Assuming countries continue to comply with remaining sanctions, Iran will likely be unable to modernize its military forces and it will likely be compelled to rely on indigenous technology to improve its missile arsenal. According to available information from sources such as the International Institute of Strategic Studies and Jane's, Iran has not imported any major combat systems since the early 1990s, probably in part due to U.S. sanctions. The U.N. ban on arms sales to Iran did not go into effect until 2010.

Automatic Reimposition of Sanctions ("Snap-Back")

In the course of negotiating the JCPOA, President Obama reportedly directed U.S. negotiators to try to focus on ways to put sanctions back in place ("snap back") if Iran violates the terms of the deal, rather than focus on delaying sanctions relief.[104] 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, 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.

[103] White House, Office of the Press Secretary, Statement by the President on Iran. July 14, 2015.

[104] Peter Baker. "President Favors Way to Give Iran Political Cover," *New York Times*, April 18, 2015.

Security Council decides otherwise." These provisions are included in the reported U.N. Security Council resolution draft that is under consideration.[105]

A related question is whether the effect of sanctions currently realized could ever be reconstituted if U.N. sanctions are lifted but U.S. sanctions are re-imposed. The effect of sanctions has depended on the substantial degree of international compliance and cooperation with the sanctions regime that has taken place since 2010. 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 clear and egregious violations of its commitments.

Possible New Sanctions

Another issue is whether the 114th or a subsequent Congress might seek to enact additional sanctions on Iran, for example because of Iran's tests of ballistic missiles in late 2015, or for continued Iranian support for terrorism or its human rights abuses. The JCPOA states specifically that as long as Iran is complying with the JCPOA, the sanctions that are being suspended or lifted shall not be re-imposed under other justifications (such as terrorism or human rights). The Administration has stated it adheres to this provision but, as it expressed in hearings in July and August 2015, new sanctions could be imposed on Iran to try to limit Iran's strategic military power, or to address human rights abuses or involvement in international terrorism. For more information, see CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr.

Since the JCPOA was finalized, a number of bills have been submitted that would impose new sanctions on Iran. Supporters of the bills assert that they redress the purported weaknesses of the agreement or address Iran-related issues that were not part of the JCPOA negotiations process. Critics of the proposed or possible legislation assert that some provisions would be interpreted by Iran as a violation of the letter or spirit of the JCPOA and would cause the agreement to fail. The bills include:

- 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 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.
- The Iran Policy Oversight Act (S. 2119). The bill contains a number of provisions, among them provisions that would add certification requirements in order for the Administration to remove designations of Iranian entities sanctioned for proliferation or terrorism-related activities.
- The IRGC Terrorist Designation Act (H.R. 3646 and S. 2094). Requires a report on whether the IRGC meets the criteria for designation as a Foreign Terrorist Organization (FTO). Administration argues 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 to groups, rather than duly constituted armed forces of a nation-state (which the IRGC is).

[105] http://www.scribd.com/doc/271711382/Iran-Deal-Draft-UNSC-Resolution-as-Uploaded-by-Inner-City-Press.

- Prohibiting Assistance to Nuclear Iran Act (H.R. 3273). The bill would prohibit the use of U.S. funds to provide technical assistance to Iran's nuclear program. Some might argue that the provision, if enacted, could cause budgetary difficulties for the IAEA in its attempts to monitor the implementation of the JCPOA.
- The Justice for Victims of Iranian Terrorism Act (H.R. 3457, S. 2086). The bill 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. House bill passed the House on October 1, 2015, by a vote of 251-173. Administration officials argue that this bill, if enacted, would impose additional requirements for sanctions relief that are not agreed in the JCPOA, and would likely therefore cause Iran to abrogate the deal.[106]
- H.R. 3728, would amend the Iran Threat Reduction and Syria Human Rights Act to impose mandatory (rather than voluntary) sanctions on allowing Iran's Central Bank and other sanctioned Iranian banks to use electronic bank transfer systems such as the Brussels-based SWIFT system. Iran would undoubtedly view imposition of that sanction as a violation of the JCPOA.
- The Iran Terror Finance Transparency Act (H.R. 3662). The bill would add certification requirements for the Administration to remove sanctioned Iranian entities from U.S. lists of Specially Designated Nationals and Blocked Persons. The bill reportedly was passed by the House but the vote was vacated and is to be voted on again. President Obama has threatened to veto the bill.
- The IRGC Sanctions Act (H.R. 4257). The bill would require positive congressional action to approve an Administration request to remove Iran (or another terrorism list country) from the terrorism list. It would also require Administration certification that any entity to be "de-listed" as a sanctioned entity (for example under Executive Order 13382 or 13224) is not a member, agent, affiliated, or owned by, the IRGC. Some of the entities to be de-listed under the JCPOA were designated for such affiliations, and the certification requirement, if imposed through enactment of the bill, might be difficult to meet in order to accomplish the de-listing.
- The Iran Ballistic Missile Prevention and Sanctions Act of 2016 (H.R. 4342). The bill would impose ISA sanctions on any person determined to have transferred to or from Iran advanced conventional weapons, or any technology or technical information related to those programs. Some might interpret the bill as redundant with the WMD and conventional weapons section of ISA, noted above.

A related issue arises over legislation to extend ISA. In hearings, the Administration indicated that extending the act, assuming it included all existing waiver authority, would not necessarily violate the JCPOA, but that such extension should wait until the JCPOA is more institutionalized. The Administration did not threaten to veto extension legislation outright. Still, an Iranian letter to the U.N. Security Council submitted July 20, indicates Iran's view that "reintroduction or re-imposition, including through extension, of the sanctions and restrictive measures will constitute significant nonperformance which would relieve Iran from its commitments in whole or in

[106] For more information on the issue of judgments for victims of Iranian terrorism, see CRS Legal Sidebar WSLG1358, *Terrorism Victims Sue to Enjoin Sanctions Relief under the Iran Nuclear Agreement*, by Jennifer K. Elsea, and CRS Report RL31258, *Suits Against Terrorist States by Victims of Terrorism*, by Jennifer K. Elsea.

part."[107] Supporters of an extension argue that extending ISA's termination date preserves a role for Congress in considering outright lifting of sanctions and gives the Administration additional leverage to ensure Iran complies with a JCPOA.

Legislation Requiring Congressional Review (P.L. 114-17)

Some in Congress asserted the need for formal congressional review - and ongoing oversight of -of any comprehensive nuclear deal with Iran. The Iran Nuclear Agreement Review Act of 2015 (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 deal, or do nothing. Such legislation would be subject to possible veto by the President. The stipulated review period passed without enactment of a joint resolution of disapproval. Subsequently, on October 18, 2015, the JCPOA entered into force, following Iran's legislative approval of the accord. If the President does not make the required certification (every 90 days) that Iran is fully complying with the JCPOA, Congress "may" initiate within 60 days "expedited consideration" of legislation that would re-impose any Iran sanctions that the President had suspended through use of waiver or other authority. As is any legislation, such "snap back" sanctions legislation would be subject to potential presidential veto. It 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. For details on the provisions of the Iran Nuclear Agreement Review Act, see CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr.

Other Possible U.S. and International Sanctions

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.

- *Sanctioning All Trade with Iran*. Some organizations, such as United Against Nuclear Iran, advocate sanctions against virtually all trade with Iran, with exceptions for food and medical products. The concept of a global trade ban on Iran has virtually no support in the United Nations Security Council, and U.S. allies strongly oppose U.S. measures that would compel allied firms to end commerce with Iran in purely civilian, nonstrategic goods.
- *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 forcing a similar result by closing the loophole in the U.S. trade ban under which Iranian crude oil, when mixed with other countries' oils at foreign refineries in Europe and elsewhere, can be imported as refined product. Some argue this

[107] Iran Letter to the President of the U.N. Security Council, July 20, 2015, (S/2015/550).

concept has been mooted by the EU oil embargo, while others say the step still has value in making sure the EU oil embargo on Iran is not lifted or modified.

- *Mandating Reductions in Diplomatic 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 29, 2011, attack on the British Embassy in Tehran.
- *Barring Iran from International Sporting Events*. An option is to limit sports or cultural exchanges with Iran, such as Iran's participation in the World Cup soccer tournament. However, many experts oppose using sporting events to accomplish 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 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.
- *Restricting Operations of and Insurance for Iranian Shipping.* One option, reportedly long under consideration, has been a worldwide ban on provision of insurance or reinsurance for any shipping to or from Iran. A call for restraint is in Resolution 1929, but is not mandatory. As of July 1, 2012, the EU has banned such insurance, and many of the world's major insurers are in Europe.

Table 7. 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. Sanctions imposed, revoked, or exempted under the Iran Sanctions Act, CISADA, and IFCA are discussed above and not included in this table.)

Entities Sanctioned Under Resolution 1737
Atomic Energy Organization of Iran (AEIO) Mesbah Energy Company (Arak supplier); Kalaye Electric (Natanz supplier); Pars Trash Company (centrifuge program); Farayand Technique (centrifuge program); Defense Industries Organization (DIO); 7th of Tir (DIO subordinate); Shahid Hemmat Industrial Group (SHIG)—missile program; Shahid Bagheri Industrial Group (SBIG)—missile program; Fajr Industrial Group (missile program); Mohammad Qanadi, AEIO Vice President; Behman Asgarpour (Arak manager); Ehsan Monajemi (Natanz construction manager); Jafar Mohammadi (Adviser to AEIO); Gen. Hosein Salimi (Commander, IRGC Air Force); Dawood Agha Jani (Natanz official); Ali Hajinia Leilabadi (director of Mesbah Energy); Lt. Gen. Mohammad Mehdi Nejad Nouri (Malak Ashtar University of Defence Technology rector); Bahmanyar Morteza Bahmanyar (AIO official); Reza Gholi Esmaeli (AIO official); Ahmad Vahid Dastjerdi (head of Aerospace Industries Org., AIO); Maj. Gen. Yahya Rahim Safavi (Commander in Chief, IRGC)
Entities/Persons Added by Resolution 1747
Ammunition and Metallurgy Industries Group (controls 7th of Tir); Parchin Chemical Industries (branch of DIO); Karaj Nuclear Research Center; Novin Energy Company; Cruise Missile Industry Group; Sanam Industrial Group (subordinate to AIO); Ya Mahdi Industries Group; Kavoshyar Company (subsidiary of AEIO); Sho'a Aviation (produces IRGC light aircraft for asymmetric warfare); Bank Sepah (funds AIO and subordinate entities); Esfahan Nuclear Fuel Research and Production Center and Esfahan Nuclear Technology Center; Qods Aeronautics Industries (produces UAV's, para-gliders for IRGC asymmetric warfare); Pars Aviation Services Company (maintains IRGC Air Force equipment); Gen. Mohammad Baqr Zolqadr (IRGC officer serving as deputy Interior Minister; Brig. Gen. Qasem Soleimani (Qods Force commander); Fereidoun Abbasi-Davani (senior defense scientist); Mohasen Fakrizadeh-Mahabai (defense scientist); Seyed Jaber Safdari (Natanz manager); Mohsen Hojati (head of Fajr Industrial Group); Ahmad Derakshandeh (head of Bank Sepah); Brig. Gen. Mohammad Reza Zahedi (IRGC ground forces commander); Amir Rahimi (head of Esfahan nuclear facilities); Mehrdada Akhlaghi Ketabachi (head of SBIG); Naser Maleki (head of SHIG); Brig. Gen. Morteza Reza'i (Deputy commander-in-chief, IRGC); Vice Admiral Ali Akbar Ahmadiyan (chief of IRGC Joint Staff); Brig. Gen. Mohammad Hejazi (Basij commander)
Entities Added by Resolution 1803
Thirteen Iranians named in Annex 1 to Resolution 1803; all reputedly involved in various aspects of nuclear program. Bans travel for five named Iranians. Electro Sanam Co.; Abzar Boresh Kaveh Co. (centrifuge production); Barzaganin Tejaral Tavanmad Saccal; Jabber Ibn Hayan; 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.; Pshgam (Pioneer) Energy Industries; Tamas Co. (involved in uranium enrichment); Safety Equipment Procurement (AIO front, involved in 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 (only bank added by Resolution 1929); Kaveh Cutting Tools Company; M. Babaie 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; Modern Industries Technique Company; Nuclear Research Center for Agriculture and Medicine (research component of the AEIO); Pejman Industrial Services Corp.; Sabalan Company; Sahand Aluminum Parts Industrial Company; Shahid Karrazi Industries; Shahid Sattari Industries; Shahid Sayyade Shirazi Industries (acts on behalf of the DIO); Special Industries Group (another subordinate of DIO); Tiz Pars (cover name for SHIG); Yazd Metallurgy Industries 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; Imensazan Consultant Engineers Institute; Khatam ol-Anbiya; Makin; Omran Sahel; Oriental Oil Kish; Rah Sahel; Rahab Engineering Institute; Sahel Consultant Engineers; Sepanir; Sepasad Engineering Company	
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: italics are to be "de-listed" by the United States under the JCPOA)

Entity	Date Named
Shahid Hemmat Industrial Group (Iran)	June 2005, September 2007
Shahid Bakeri Industrial Group (Iran)	June 2005, February 2009
Atomic Energy Organization of Iran	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
Defense Industries Organization (Iran)	March 2007
June 2007	
Pars Trash (Iran, nuclear program); Farayand Technique (Iran, nuclear program); Fajr Industries Group (Iran, missile program); Mizan Machine Manufacturing Group (Iran, missile prog.)	
Aerospace Industries Organization (AIO) (Iran)	September 2007
Korea Mining and Development Corp. (N. Korea)	September 2007
October 21, 2007	
Islamic Revolutionary Guard Corps (IRGC); Ministry of Defense and Armed Forces Logistics; *Bank Melli* (Iran's largest bank, widely used by Guard); Bank Melli Iran Zao (Moscow); Melli Bank PC (U.K.); *Bank Kargoshaee*; *Arian Bank* (joint venture between Melli and Bank Saderat). Based in Afghanistan; *Bank Mellat* (provides banking services to Iran's nuclear sector); *Mellat Bank SB CJSC* (Armenia). Reportedly has $1.4 billion in assets in UAE; *Persia International Bank PLC* (U.K.); Khatam ol Anbiya Gharargah Sazendegi 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	
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.	
March 12, 2008	
Future Bank (Bahrain-based but allegedly controlled by Bank Melli)	
July 8, 2008	
Yahya Rahim Safavi (former IRGC Commander in Chief); Mohsen Fakrizadeh-Mahabadi (senior Defense Ministry scientist); *Dawood Agha-Jani* (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); *Tamas Company* (involved in uranium enrichment); Shahid Sattari Industries (makes equipment for Shahid Bakeri); 7th of Tir (involved in developing centrifuge technology); Ammunition and Metallurgy	

Industries Group (partner of 7th of Tir); Parchin Chemical Industries (deals in chemicals used in ballistic missile programs)

August 12, 2008

Karaj Nuclear Research Center; *Esfahan Nuclear Fuel Research and Production Center* (NFRPC); *Jabber Ibn Hayyan* (reports to Atomic Energy Org. of Iran, AEIO); Safety Equipment Procurement Company; Joza Industrial Company (front company for Shahid Hemmat Industrial Group, SHIG)

September 10, 2008

Islamic Republic of Iran Shipping Lines (IRISL) and 18 affiliates, including *Val Fajr 8*; *Kazar*; *Irinvestship*; *Shipping Computer Services*; *Iran o Misr Shipping*; *Iran o Hind*; *IRISL Marine Services*; *Iriatal Shipping*; *South Shipping*; *IRISL Multimodal*; Oasis; *IRISL Europe*; IRISL Benelux; *IRISL China*; *Asia Marine Network*; *CISCO Shipping*; and *IRISL Malta*

September 17, 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

October 22, 2008

Export Development Bank of Iran (EDBI). Provides financial services to Iran's Ministry of Defense and Armed Forces Logistics

Banco Internacional de Desarollo, C.A., Venezuelan-based Iranian bank, sanctioned as an affiliate of the Export Development Bank

December 17, 2008

Assa Corporation (alleged front for Bank Melli involved in managing property in New York City on behalf of Iran)

March 3, 2009

11 Entities Tied to Bank Melli: *Bank Melli Iran Investment (BMIIC); Bank Melli Printing and Publishing*; *Melli Investment Holding*; *Mehr Cayman Ltd*.; *Cement Investment and Development*; *Mazandaran Cement Co*.; *Shomal Cement*; *Mazandaran Textile*; *Melli Agrochemical*; *First Persian Equity Fund*; BMIIC Intel. General Trading

February 10, 2010

IRGC General Rostam Qasemi, head of Khatem ol-Anbiya Construction Headquarters (main IRGC corporate arm) and several entities linked to Khatem ol-Anbiya, including: Fater Engineering Institute, Imensazen Consultant Engineers Institute, Makin Institute, and Rahab Institute

June 16, 2010

- *Post Bank of Iran*
- IRGC Air Force
- IRGC Missile Command
- Rah Sahel and Sepanir Oil and Gas Engineering (for ties to Khatem ol-Anibya 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
- Javedan Mehr Toos, Javad Karimi Sabet (procurement brokers or atomic energy managers)
- Naval Defense Missile Industry Group (controlled by the Aircraft Industries Org that manages Iran's missile programs)
- Five front companies for IRISL: *Hafiz Darya Shipping Co*.; *Soroush Sarzamin Asatir Ship Management Co*.; *Safiran Payam Darya*; and Hong Kong-based *Seibow Limited* and *Seibow Logistics*.

Also identified on June 16 were 27 vessels linked to IRISKL 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.

September 7, 2010

Europaisch-Iranische Handelsbank (EIH) for providing financial services to Bank Sepah, Mellat, EDBI, and others.

November 30, 2010

- *Pearl Energy Company* (formed by First East Export Bank, a subsidiary of Bank Mellat
- *Pearl Energy Services, SA*
- *Ali Afzali (*high official of First East Export Bank)
- IRISL front companies: *Ashtead Shipping*, *Byfleet Shipping*, *Cobham Shipping, Dorking Shipping*, *Effingham Shipping*, *Farnham Shipping*, *Gomshall Shipping*, and *Horsham Shipping* (all located in the Isle of Man).- IRISL and affiliate officials: *Mohammad Hosein Dajmar*, *Gholamhossein Golpavar*, *Hassan Jalil Zadeh*, and *Mohammad Haji Pajand*.

December 21, 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); *Moallem Insurance Company* (for providing marine insurance to IRISL, Islamic Republic of Iran Shipping Lines)

May 17, 2011

Bank of Industry and Mine (BIM)

June 23, 2011

- Tidewater Middle East Company; Iran Air; Mehr-e Eqtesad Iranian Investment Co.

March 28, 2012

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); *Malship Shipping Agency and Modality Ltd* (both Malta-based affiliates of IRISL); *Seyed Alaeddin Sadat Rasool* (IRISL legal adviser); *Ali Ezati* (IRISL strategic planning and public affairs manager)

July 12, 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.

November 8, 2012

- *National Iranian Oil Company*; 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.

December 13, 2012

Atomic Energy Organization of Iran (AEOI) chief Fereidoun Abbasi Davain; *Seyed Jaber Safdari* of Novin Energy, a designated affiliate of AEOI; *Morteza Ahmadi Behzad*, provider of services to AEOI (centrifuges); Pouya Control—provides goods and services for uranium enrichment; Iran Pooya—provides materials for manufacture of IR-1 and IR-2 centrifuges; Aria Nikan Marine Industry—source of goods for Iranian nuclear program; Amir Hossein Rahimyar—procurer for Iran nuclear program; *Mohammad Reza Rezvanianzadeh*—involved in various aspects of nuclear program; Faratech—involved in Iran heavy water reactor project; Neda Industrial Group—manufacturer of equipment for Natanz enrichment facility; Tarh O Palayesh—designer of elements of heavy water research reactor; Towlid Abzar Boreshi Iran—manufacturer for entities affiliated with the nuclear program.

December 21, 2012

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.

April 11, 2013

Babak Morteza Zanjani—chairmen of Sorinet Group that Iran uses to finance oil sales abroad; *International Safe Oil*—provides support to NIOC and NICO; *Sorinet Commercial Trust Bankers* (Dubai) and *First Islamic Investment Bank* (Malaysia)—finance NIOC and NICO; *Kont Kosmetik* and *Kont Investment Bank*—controlled by Babak Zanjani; *Naftiran Intertrade Company Ltd*.—owned by NIOC

May 9, 2013

Iranian-Venezuelan Bi-National Bank (IVBB), 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.

May 31, 2013

Bukovnya AE (Ukraine) for leasing aircraft to Iran Air.

December 12, 2013

Several Iranian firms and persons: Eyvaz Technic Manufacturing Company; The Exploration and Nuclear Raw Materials Company; Maro Sanat Company; Navid Composite Material Company; Negin Parto Khavar; Neka Novin officials Iradj Mohammadi Kahvarin and Mahmoud Mohammadi Dayeni; 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

February 6, 2014

Ali Canko (Turkey) and Tiva Sanat Group, for procuring IRGC-Navy fast boats; Advance Electrical and Industrial Technologies (Spain), for procurement for Neka Novin; Ulrich Wipperman and Deutsche Forfait (Germany), and Deutsche Forfait Americas (U.S.) for facilitating oil deals for NIOC.

April 29, 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.

August 29, 2014 (by both State and Treasury)

By State: Organization of Defense Innovation and Research (nuclear weapons research); Nuclear Science and Technology Research Institute (implements nuclear projects including heavy water reactor at Arak); Jahan Tech Rooyan Pars: and Mandegar Baspar Kimiya Company (latter two are involved in procuring carbon fiber for proscribed aspects of Iran's nuclear program).

By Treasury: Mohammad Javad and Arman Imanirad (for acting on behalf of Aluminat, which procures aluminum products for Iran's nuclear program*); Nefertiti Shipping* (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.

January 17, 2016 (Ballistic Missile Program Entities)

Eleven 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; Mehrdada Akhlaghi Ketabachi. According to the designations, Musavi (has weorked with North Korean officials involved in that country's ballistic missile programs.

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

July 25, 2007

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 Martyf's Foundation chapter in Michigan

October 21, 2007

IRGC-Qods Force and Bank Saderat (allegedly used to funnel Iranian money to Hezbollah, Hamas, PIJ, and other Iranian supported terrorist groups)

January 16, 2009

Al Qaeda Operatives in Iran: Saad bin Laden; Mustafa Hamid; Muhammad Rab'a al-Bahtiyti; Alis Saleh Husain

August 3, 2010

Qods Force senior officers: Hushang Allahdad, Hossein Musavi,Hasan Mortezavi, and Mohammad Reza Zahedi; Iranian Committee for the Reconstruction of Lebanon, and its director Hesam 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

December 21, 2010

Liner Transport Kish (for providing shipping services to transport weapons to Lebanese Hezbollah)

October 11, 2011 (For alleged plot against Saudi Ambassador to the U.S.):

Qasem Soleimani (Qods Force commander); Hamid Abdollahi (Qods force); Abdul Reza Shahlai (Qods Force); Ali Gholam Shakuri (Qods Force); Manssor Arbabsiar (alleged plotter)

October 12, 2011

Mahan Air (for transportation services to Qods Force)

February 16, 2012

Ministry of Intelligence and Security of Iran (MOIS)

March 27, 2012

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

These entities and persons were sanctioned for weapons shipments to Syria and an October 2011 shipment bound for Gambia, intercepted in Nigeria.

November 8, 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

May 31, 2013

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.

February 6, 2014

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.

Several IRGC-Qods Force offices or facilitators involved in Iran's efforts in Afghanistan: Sayyed Kamal Musavi; Alireza Hemmati; Akbar Seyed Alhosseini; and Mahmud Afkhami Rashidi.

One Iran-based Al Qaeda facilitator (supporting movement of Al Qaeda affiliated fightes to Syria): Olimzhon Adkhamovich Sadikov (aka Jafar al-Uzbeki or Jafar Muidinov).

August 29, 2014

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.

May 21, 2015

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.

Entities Sanctioned Under the Iran North Korea Syria Nonproliferation Act or Executive Order 12938

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 removed—Baltic on January 29, 2010, and Glavkosmos on March 4, 2010)	July 30, 1998
D. Mendeleyev University of Chemical Technology of Russia and Moscow Aviation Institute (Both removed on May 21, 2010)	January 8, 1999

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 7, 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 29, 2004
14 entities, mostly from China, for alleged supplying of Iran's missile program. Many, such as North Korea's Changgwang Sinyong and China's Norinco and Great Wall Industry Corp, have been sanctioned several times previously. Newly sanctioned entities included North Korea's Paeksan Associated Corporation, and Taiwan's Ecoma Enterprise Co.	December 2004 and January 2005
9 entities, including those from China (Norinco yet again), India (two chemical companies), and Austria. Sanctions against Dr. Surendar of India (see September 29, 2004) were ended, presumably because of information exonerating him.	December 26, 2005
7 entities. 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).	August 4, 2006 (see below for Rosobornexport removal)
9 entities. 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 23, 2007
13 entities: 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.
16 entities: Belarus: Belarusian Optical Mechanical Association; Beltech Export; China: Karl Lee; Dalian 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.	May 23, 2011

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

January 8, 2008

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 kidnapings 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.

September 16, 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.

July 2, 2009

Khata'ib Hezbollah (pro-Iranian Mahdi splinter group); Abu Mahdi al-Muhandis

Iranians Sanctioned Under September 29, 2010, Executive Order 13553 on Human Rights Abusers

September 29, 2010

1. IRGC Commander Mohammad Ali Jafari
2. Minister of Interior at time of June 2009 elections Sadeq Mahsouli
3. Minister of Intelligence at time of elections Qolam Hossein Mohseni-Ejei
4. Tehran Prosecutor General at time of elections Saeed Mortazavi
5. Minister of Intelligence Heydar Moslehi
6. Former Defense Minister Mostafa Mohammad Najjar
7. Deputy National Police Chief Ahmad Reza Radan
8. Basij (security militia) Commander at time of elections Hossein Taeb

February 23, 2011

9. Tehran Prosecutor General Abbas Dowlatabadi (appointed August 2009). Has indicted large numbers of Green movement protesters.
10. Basij forces commander (since October 2009) Mohammad Reza Naqdi (was head of Basij intelligence during post 2009 election crackdown)

June 9, 2011

11. Islamic Revolutionary Guard Corps (IRGC)
12. Basij Resistance Force
13. Law Enforcement Forces (LEF)
14. LEF Commander Ismail Ahmad Moghadam

February 16, 2012

15. Ministry of Intelligence and Security of Iran (MOIS)

May 30, 2013

16. Ashgar Mir-Hejazi for human rights abuses on/after June 12, 2009, and for providing material support to the IRGC and MOIS.

December 30, 2014

17. Abyssec, for training the IRGC in cyber tradecraft and supporting its development of offensive information operations capabilities

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

Revolutionary Guard—Qods Force	April 29, 2011
Qasem Soleimani (Qods Force Commander)	May 18, 2011
Mohsen Chizari (Commander of Qods Force operations and training)	Same as above

Iranian Entities Sanctioned Under Executive Order 13606 (GHRAVITY)

- Ministry of Intelligence and Security (MOIS); IRGC (Guard Cyber Defense Command); Law Enforcement Forces; Datak Telecom

Entities Sanctioned Under Executive Order 13608 Targeting Sanctions Evaders

- *Ferland Company Ltd*. for helping NITC deceptively sell Iranian crude oil

Designations on February 6, 2014 (persons or firms that facilitated deceptive transactions for or on

behalf of persons subject to U.S. sanctions on Iran)

Three persons based in the Republic of Georgia: *Pourya Nayebi*, *Houshang Hosseinpour*, and *Houshang Farsoudeh*; and eight firms owned or controlled by the three: *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).

Entities Names as Iranian Government Entities Under Executive Order 13599

February 12, 2012

Central Bank of Iran (aka Bank Markazi)

July 12, 2012:

Petro Suisse Intertrade Company (Switzerland); *Hong Kong Intertrade Company* (Hong Kong); *Noor Energy* (Malaysia); *Petro Energy Intertrade* (Dubai, UAE) (all four named as front companies for NIOC, *Naftiran Intertrade Company, Ltd* (NICO), or NICO Sarl)

58 vessels of National Iranian Tanker Company (NITC)

20 banks: 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*; and *Tourism Bank.*

March 14, 2013:

Dimitris Cambis and several affiliated firms named in Treasury Department press release.

May 9, 2013:

Sambouk Shipping FZC, which is tied to Dr. Dimitris Cambis and his network of front companies.

May 31, 2013:

Eight petrochemicals companies were designated as Iranian government entities, including *Bandar Imam*; *Bou Ali Sina*; *Mobin*; *Nouri*; *Pars; Shahid Tondgooyan*; *Shazand*; and *Tabriz.*

September 6, 2013:

Six individuals including *Seyed Nasser Mohammad Seyyedi*, 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.

Four businesses used by Seyyedi to assist NIOC and NICO front companies. Three are based in UAE: *AA Energy FZCO*; *Petro Royal FZE*; and *KASB International LLC*. The other firm is *Swiss Management Services Sarl*

January 4, 2013

Execution of Imam's Order (EIKO) and 37 entities under its umbrella, designated for hiding assets on behalf of the government of Iran's leadership. Entities designated included: *Tosee Eqtesad Ayandehsazan Company* (TEACO); *Tadbir Economic Development Company* (Tadbir Group); *Rey Investment Company*; *Reyco GmbH*; *MCS International GmbH* (Mannesman Cylinder Systems); *MCS Engineering* (Efficient Provider Services GmbH); *Golden Resources Trading Company L.L.C.* (GRTC); *Cylinder System Ltd*. (Cilinder Sistem DDO); *One Vision Investments 5 (Pty) Ltd*.; *One Class Properties (Pty) Ltd.*

August 29, 2014

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

Entities Sanctioned Under Executive Order 13622 (For Oil and Petrochemical Purchases from Iran and Precious Metal Transactions with Iran)

May 31, 2013:

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

August 29, 2014:

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

December 30, 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*.

Anahita Nasirbeik – Asia Bank official (see above)

Entities Designated as Human Rights Abusers or Limiting Free Expression Under Executive Order 13628 (Executive Order pursuant to Iran Threat Reduction and Syria Human Rights Act)

November 8, 2012:

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; PekyAsa, another company owned by Jalili, to develop telecom software.

February 6, 2013:

- 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); Communications Regulatory Authority (filters Internet content); Iran Electronics Industries (producer of electronic systems and products including those for jamming, eavesdropping

May 30, 2013:

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

May 23, 2014:

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.

December 30, 2014

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

Entities Designated Pursuant to Executive Order 13645

December 12, 2012 (all for providing material support to 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)

April 29, 2014 (for connections to deceptive oil dealings for Iran)

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

August 29, 2014

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 comp;anies on behalf of NICO); *Mussafer Polat* (for obscuring origin of Iran's gas condensate sales); *Seyedeh Hanje Seyed Nasser Seyyedi* (managing director of Faylaca).

Note: For U.S. Executive Order designations, entities in italics denote entities that will be "de-listed" under the JCPOA.

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