Iran Sanctions

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Summary

There appears to be a growing international consensus to adopt progressively strict economic sanctions against Iran to try to compel it to compromise on its further nuclear development. Measures adopted in 2010 by the United Nations Security Council and the European Union and other countries complement the numerous U.S. laws and regulations that have long sought to try to slow Iran's weapons of mass destruction (WMD) programs and curb its support for militant groups. The U.S. view—increasingly shared by major allies—is that sanctions should target Iran's energy sector that provides about 80% of government revenues. U.S. efforts to curb international energy investment in Iran's energy sector began in 1996 with the Iran Sanctions Act (ISA), a U.S. law that authorized the imposition of U.S. penalties against foreign companies that invest in Iran's energy sector. ISA represented a U.S. effort, which is now broadening, to persuade foreign firms to choose between the Iranian market and the much larger U.S. market.

ISA has been expanded significantly in 2010 to sanction firms that help Iran meet its needs for importation and additional production of gasoline. In the 111th Congress, H.R. 2194 (signed into law on July 1—P.L. 111-195) adds as ISA violations selling refined gasoline to Iran; providing shipping insurance or other services to deliver gasoline to Iran; or supplying equipment to or performing the construction of oil refineries in Iran. The new law also adds a broad range of other measures further restricting the already limited amount of U.S. trade with Iran and restricting some trade with countries that allow WMD-useful technology to reach Iran. The enactment of this law follows the June 9, 2010, adoption of U.N. Security Council Resolution 1929, which imposes a ban on sales of heavy weapons to Iran and sanctions many additional Iranian entities affiliated with its Revolutionary Guard, but does not mandate sanctions on Iran's energy or broad financial sector. European Union sanctions, imposed July 27, 2010, align the EU with the U.S. position, to a large extent, by prohibiting EU involvement in Iran's energy sector and restricting financial relationships with Iran, among other measures.

The effectiveness of U.S. and international sanctions on Iran, by most accounts, has been unclear. A growing number of experts feel that the cumulative effect of U.S., U.N., and other sanctions is harming Iran's economy. However, when measured against the overall strategic objectives of the sanctions, there is a consensus that U.S. and U.N. sanctions have not, to date, caused a demonstrable shift in Iran's commitment to its nuclear program. Still, there has been a stream of announcements by major international firms during 2010 that they are exiting the Iranian market. Iran's oil production has fallen slightly to about 3.9 million barrels per day, from over 4.1 million barrels per day several years ago, although Iran now has small natural gas exports that it did not have before Iran opened its fields to foreign investment in 1996. Possibly in an effort to accomplish the separate objective of promoting the cause of the domestic opposition in Iran, the Obama Administration and Congress are increasingly emphasizing measures that would sanction Iranian officials who are human rights abusers, facilitate the democracy movement's access to information, and express outright U.S. support for the opposition. For a broader analysis of policy on Iran, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

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Overview

The Obama Administration's overall policy approach toward Iran has contrasted with the Bush Administration's by attempting to couple the imposition of sanctions to an active and sustained effort to engage Iran in negotiations on the nuclear issue. That approach was not initially altered because of the Iranian dispute over its June 12, 2009, elections. However, with subsequent negotiations yielding no firm Iranian agreement to compromise, as of 2010 the Administration turned its focus to achieving the imposition of additional U.N., U.S., and allied country sanctions whose cumulative effect would be to diplomatically and economically isolate Iran.

U.N. sanctions on Iran (the latest of which are imposed by Resolution 1929, adopted June 9, 2010) are a relatively recent (post-2006) development. However, since its 1979 Islamic revolution, Iran has been subjected to progressively more comprehensive and stringent U.S. sanctions. Many of the U.S. sanctions overlap each other as well as the several U.N. sanctions now in place. The Obama Administration and Congress have also begun to also alter some U.S. laws and regulations to help Iran's domestic opposition that has seethed since the June 12, 2009 presidential election in Iran. In February and June 2010, the Administration sanctioned additional firms linked to Iran's Revolutionary Guard, which was a target of Resolution 1929 and which is viewed as the backbone of Iran's apparatus of repression. President Obama renewed for another year the U.S. trade and investment ban on Iran (Executive Order 12959) in March 2010.

A focus of Iran-related legislation in the 111th Congress has been to expand the provisions of the Iran Sanctions Act (ISA) to apply to sales to Iran of gasoline and related equipment and services. For at least ten years after it was enacted, ISA had caused differences of opinion between the United States and its European allies because it mandates U.S. imposition of sanctions on foreign firms. Successive Administrations have sought to ensure that the congressional sanctions initiative does not hamper cooperation with key international partners whose support is needed to adopt stricter international sanctions. This concern was incorporated, to a large extent, in the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195). As an indication that U.S. allies are now aligning with the U.S. position on sanctioning Iran, the European Union, on July 27, 2010, adopted sanctions against Iran, targeting its energy and financial sector.

The Iran Sanctions Act (ISA)

The Iran Sanctions Act (ISA) is one among many U.S. sanctions in place against Iran. Since its first enactment, it has attracted substantial attention because it authorizes penalties against foreign firms, many of which are incorporated in countries that are U.S. allies. Congress and the Clinton Administration saw ISA as a potential mechanism to compel U.S. allies to join the United States in enacting trade sanctions against Iran. American firms are restricted from trading with or investing in Iran under separate U.S. executive measures, as discussed below. As noted, a law enacted in the 111th Congress (Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, P.L. 111-195) amended ISA to try to curtail additional types of activity, such as selling gasoline and gasoline production-related equipment and services to Iran, and to restrict international banking relationships with Iran (among other provisions discussed below).

Legislative History and Provisions

Originally called the Iran and Libya Sanctions Act (ILSA), ISA was enacted to try to deny Iran the resources to further its nuclear program and to support terrorist organizations such as Hizbollah, Hamas, and Palestine Islamic Jihad. Iran's petroleum sector generates about 20% of Iran's GDP, and 80% of its government revenue. Iran's oil sector is as old as the petroleum industry itself, and Iran's onshore oil fields and oil industry infrastructure are far past peak production and in need of substantial investment. Its large natural gas resources (940 trillion cubic feet, exceeded only by Russia) were virtually undeveloped when ISA was first enacted. Iran has 136.3 billion barrels of proven oil reserves, the third-largest after Saudi Arabia and Canada.

The opportunity for the United States to try to harm Iran's energy sector came in November 1995, when Iran opened the sector to foreign investment. To accommodate its insistence on retaining control of its national resources, Iran used a "buy-back" investment program in which foreign firms recoup their investments from the proceeds of oil and gas discoveries. With input from the Administration, on September 8, 1995, Senator Alfonse D'Amato introduced the "Iran Foreign Oil Sanctions Act" to sanction foreign firms' exports to Iran of energy technology. A revised version instead sanctioning *investment* in Iran's energy sector passed the Senate on December 18, 1995 (voice vote). On December 20, 1995, the Senate passed a version applying the provisions to Libya, which was refusing to yield for trial the two intelligence agents suspected in the December 21, 1988, bombing of Pan Am 103. The House passed H.R. 3107, on June 19, 1996 (415-0), and then concurred on a Senate version adopted on July 16, 1996 (unanimous consent). The Iran and Libya Sanctions Act was signed on August 5, 1996 (P.L. 104-172).

Key "Triggers"

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. When triggered, ISA provides a number of different sanctions that the President could impose that would harm a foreign firm's business opportunities in the United States. ISA does not, and probably could not practically, compel any foreign government to take action against one of its firms. Amendments added by P.L. 111-195, the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA), provide a means for firms to avoid any possibility of U.S. sanctions by unilaterally ending their involvement with Iran.

The pre-2010 version of ISA requires the President to sanction companies (entities, persons) that make an "investment"[1] of more than $20 million[2] in one year in Iran's energy sector,[3] *or* that sell

[1] The definition of "investment" in ISA (Section 14 (9)) includes not only equity and royalty arrangements (including additions to existing investment, as added by P.L. 107-24) but any contract that includes "responsibility for the development of petroleum resources" of Iran. As amended by 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. For Libya, the threshold was $40 million, and sanctionable activity included export to Libya of technology banned by Pan Am 103-related Security Council Resolutions 748 (March 31, 1992) and 883 (November 11, 1993). Under Section 4(d) of the 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.

[2] Under the original law, the threshold had been $40 million, dropping to $20 million after one year when U.S. allies did not join a multilateral sanctions regime against Iran. However, P.L. 111-195 explicit sets the threshold investment level at $20 million.

[3] The definition of energy sector had included oil and natural gas, but now, as a consequence of the enactment of P.L. (continued...)

to Iran weapons of mass destruction (WMD) technology or "destabilizing numbers and types" of advanced conventional weapons.[4] ISA primarily targets foreign firms, because American firms are already prohibited from investing in Iran under the 1995 trade and investment ban discussed earlier. As shown in the table below, P.L. 111-195 added new triggers: selling to Iran (over specified threshold amounts) refined petroleum (gasoline, aviation fuel, and other fuels included in the definitions); and equipment or services for Iran to expand its own ability to produce refined petroleum.

Activities That Do Not Constitute ISA Violations

Purchases of oil or natural gas from Iran do not constitute violations of ISA, because ISA sanctions *investment* in Iran's energy sector and (following enactment of P.L. 111-195) sales to Iran of gasoline or gasoline-related services or equipment. Some of the deals listed in the chart later in this report involve combinations of investment and purchase. Nor does ISA sanction sales to Iran of equipment that Iran could use to explore or extract its own oil or gas resources. For example, selling Iran an oil or gas drill rig or motors or other gear that Iran will use to drill for oil or gas would not appear to be sanctionable. However, as a result of enactment of P.L. 111-195, sanctionable activity includes sales of equipment to Iran to enhance or expand its oil refineries, or equipment with which Iran could import gasoline (such as tankers), and of equipment that Iran could use to construct an energy pipeline.

Several significant examples of major purchases of Iran oil and gas resources have occurred in recent years. In March 2008, Switzerland's EGL utility agreed to buy 194 trillion cubic feet per year of Iranian gas for 25 years, through a Trans-Adriatic Pipeline (TAP) to be built by 2010, a deal valued at over $15 billion. The United States criticized the deal as sending the "wrong message" to Iran. However, as testified by Under Secretary of State Burns on July 9, 2008, the deal appears to involve only purchase of Iranian gas, not exploration, and would likely not be considered an ISA violation. In August 2008, Germany's Steiner-Prematechnik-Gastec Co. agreed to apply its method of turning gas into liquid fuel at three Iranian plants.

Official credit guarantee agencies are not considered sanctionable entities under ISA. In the 110th Congress, several bills—including S. 970, S. 3227, S. 3445, H.R. 957 (passed the House on July 31, 2007), and H.R. 7112 (which passed the House on September 26, 2008)—would have expanded the definition of sanctionable entities to official credit guarantee agencies, such as France's COFACE and Germany's Hermes, and to financial institutions and insurers generally. Some versions of CISADA would have made these entities sanctionable but these provisions were not included in the final law, probably out of concern for alienating U.S. allies in Europe.

(...continued)

111-195, also includes liquefied natural gas (LNG), oil or LNG tankers, and products to make or transport pipelines that transport oil or LNG.

[4] This latter "trigger" was added by P.L. 109-293.

Requirement and Time Frame to Investigate Violations

In the original version of ISA, there was no time frame for the Administration to determine that a firm has violated ISA's provisions. Some might argue that the amendments of P.L. 111-195 still do not set a binding determination deadline, although the parameters are narrowed significantly. Earlier, P.L. 109-293, the "Iran Freedom Support Act" (signed September 30, 2006) amended ISA by calling for, *but not requiring*, a 180-day time limit for a violation determination (there is no time limit in the original law). 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.

In restricting the Administration's ability to choose not to act on information about potential violations, P.L. 111-195 makes mandatory that the Administration begin an investigation of potential ISA violations when there is credible information about a potential violation. P.L. 111-195 also makes mandatory the 180 day time limit for a determination (with the exception that the mandatory investigations and time limit go into effect one year after enactment, with respect to gasoline related sales to Iran.) There is also a "special rule" provided for by P.L. 111-195 which allows the Administration to avoid investigating any company that ends or pledges to end the sanctionable activity with Iran.

Earlier versions of legislation (H.R. 282, S. 333) that ultimately became P.L. 109-293 contained ISA amendment proposals that were viewed by the Bush Administration as too inflexible and restrictive, and potentially harmful to U.S. relations with its allies. These provisions included setting a mandatory 90-day time limit for the Administration to determine whether an investment is a violation; cutting U.S. foreign assistance to countries whose companies violate ISA; and applying the U.S.-Iran trade ban to foreign subsidiaries of U.S. firms.

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. P.L. 111-195 added three new possible sanctions and requires the imposition of at least *three out of the nine* against violators. The available sanctions against the sanctioned entity that the President can select from (Section 6) include:

1. denial of Export-Import Bank loans, credits, or credit guarantees for U.S. exports to the sanctioned entity;
2. denial of licenses for the U.S. export of military or militarily useful technology to the entity;
3. denial of U.S. bank loans exceeding $10 million in one year to the entity;
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);
5. prohibition on U.S. government procurement from the entity;
6. restriction on imports from the violating entity, in accordance with the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1701);
7. prohibitions in transactions in foreign exchange by the entity;

8. prohibition on any credit or payments between the entity and any U.S. financial institution;
9. prohibition of the sanctioned entity from acquiring, holding, or trading any U.S.-based property.

New Mandatory Sanction

P.L. 111-195 adds a provision to incent companies not to violate ISA. It requires companies, as a condition of obtaining a U.S. government contract, to certify to the relevant U.S. government agency, that the firm is not violating ISA, as amended. A contract may be terminated—and further penalties imposed—if it is determined that the company's certification of compliance was false.

Waiver and Termination Authority

The President has had the authority under ISA to waive sanctions if he certifies that doing so is *important* to the U.S. national interest (Section 9(c)). There was also waiver authority (Section 4c) if the parent country of the violating firm joined a sanctions regime against Iran, but this waiver provision was changed by P.L. 109-293 to allow for a waiver determination based on U.S. vital national security interests. P.L. 111-195 changes the 9(c) waiver standard to "*necessary*" to the national interest.

The Section 4(c) waiver was altered by P.L. 111-195 to provide for a six month (extendable) 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 WWMD and advanced conventional weapons program. The criteria of "closely cooperating" are defined in the conference report, with primary focus on implementing all U.N. sanctions against Iran. However, it is not clear why a Section 4 waiver would be used as opposed to a Section 9 waiver, although it could be argued that using a Section 4 waiver would support U.S. diplomacy with the parent country of the offending entity.

In its entirety, ISA application to Iran would terminate if Iran is determined by the Administration to have ceased its efforts to acquire WMD; is removed from the U.S. list of state sponsors of terrorism; *and* no longer "poses a significant threat" to U.S. national security and U.S. allies.[5] However, the amendments to ISA made by P.L. 111-195 would terminate if the first two of these criteria are met.

ISA (Section5(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 also is not required to prevent procurement or importation of essential spare parts or component parts.

[5] This latter termination requirement added by P.L. 109-293. This law also removed Libya from the act, although application to Libya effectively terminated when the President determined on April 23, 2004, that Libya had fulfilled the requirements of all U.N. resolutions on Pan Am 103.

In the 110th Congress, several bills contained provisions that would have further amended ISA, but they were not adopted. H.R. 1400, which passed the House on September 25, 2007 (397-16), would have removed the Administration's ability to waive ISA sanctions under Section 9(c), national interest grounds, but it would not have imposed on the Administration a time limit to determine whether a project is sanctionable.

ISA Sunset

ISA was to sunset on August 5, 2001, in a climate of lessening tensions with Iran (and Libya). During 1999 and 2000, the Clinton Administration had eased the trade ban on Iran somewhat to try to engage the relatively moderate Iranian President Mohammad Khatemi. However, some maintained that Iran would view its expiration as a concession, and renewal legislation was enacted (P.L. 107-24, August 3, 2001). This law 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. ISA was scheduled to sunset on December 31, 2011 (as provided by P.L. 109-293). The sunset is now December 31, 2016, as provided for in the CISADA, P.L. 111-195).

Interpretations and Implementation

Traditionally reticent to impose economic sanctions, the European Union opposed ISA as an extraterritorial application of U.S. law and filed a formal complaint before the World Trade Organization (WTO). In April 1997, the United States and the EU agreed to avoid a trade confrontation over ISA and a separate Cuba sanctions law (P.L. 104-114). The agreement involved the dropping of the WTO complaint and the May 18, 1998, decision by the Clinton Administration to waive ISA sanctions ("national interest"—Section 9(c) waiver) on the first project determined to be in violation. That project was a $2 billion[6] contract, signed in September 1997, for Total SA of France and its partners, Gazprom of Russia and Petronas of Malaysia to develop phases 2 and 3 of the 25-phase South Pars gas field. The EU pledged to increase cooperation with the United States on non-proliferation and counter-terrorism. Then Secretary of State Albright, in a statement, indicated that similar future such projects by EU firms in Iran would not be sanctioned, provided overall EU cooperation against Iranian terrorism and proliferation continued.[7] (The EU sanctions against Iran, announced July 27, 2010, might render the issue moot since the EU has now banned EU investment in and supplies of equipment and services to Iran's energy sector.)

Since the Total/Petronas/Gazprom project in 1998, no projects have been determined as violations of ISA. As shown in **Table 2** below, several foreign investment agreements have been agreed with Iran since the 1998 Total consortium waiver, although some have stalled, not reached final agreement, or may not have resulted in actual production.

[6] Dollar figures for investments in Iran represent public estimates of the amounts investing firms are expected to spend over the life of a project, which might in some cases be several decades.

[7] Text of announcement of waiver decision by then Secretary of State Madeleine Albright, containing expectation of similar waivers in the future. http://www.parstimes.com/law/albright_southpars.html.

Application to Energy Pipelines

As noted in the footnote earlier, ISA's definition of sanctionable "investment"—which specifies investment in Iran's petroleum resources, defined as petroleum and natural gas—has been interpreted by successive administrations to include construction of energy pipelines to or through Iran. That interpretation has been reinforced by the amendments to ISA in P.L. 111-195 which include in the definition of petroleum resources "products used to construct or maintain pipelines used to transport oil or liquefied natural gas." The Clinton and Bush Administrations used the threat of ISA sanctions to deter oil routes involving Iran and thereby successfully promoted an alternate route from Azerbaijan (Baku) to Turkey (Ceyhan). The route became operational in 2005.

One major pipeline involving Iran has been constructed—a line built in 1997 to carry natural gas from Iran to Turkey. Each country constructed the pipeline on its side of their border. At the time the project was under construction, State Department testimony stated that Turkey would be importing gas originating in Turkmenistan, not Iran, under a swap arrangement. That was one reason given for why the State Department did not determine that the project was sanctionable under ISA. However, many believe the decision not to sanction the pipeline was because the line was viewed as crucial to Turkey, a key U.S. ally. That explanation was reinforced when direct Iranian gas exports to Turkey through the line began in 2001, and no determination of sanctionability was made.

As shown in **Table 2**, in July 2007, a preliminary agreement was reached to build a second Iran-Turkey pipeline, through which Iranian gas would also flow to Europe. That agreement was not finalized during Iranian President Mahmoud Ahmadinejad's visit to Turkey in August 2008 because of Turkish commercial concerns, but the deal remains under active discussion. On February 23, 2009, Iranian newspapers said Iran had formed a joint venture with a Turkish firm to export 35 billion cubic meters of gas per year to Europe; 50% of the venture would be owned by the National Iranian Gas Export Company (NIGEC).

Iran and Kuwait reportedly are holding talks on the construction of a 350 mile pipeline that would bring Iranian gas to Kuwait. The two sides have apparently reached agreement on volumes (8.5 million cubic meters of gas would go to Kuwait each day) but not on price.[8] In May 2009, Iran and Armenia inaugurated a natural gas pipeline between the two, built by Gazprom of Russia.

Iran-India Pipeline and Undersea Routes

Another pending pipeline project would carry Iranian gas, by pipeline, to Pakistan. India had been a part of the $7 billion project, which would take about three years to complete, but India was reported in June 2010 to be largely out of the project. India did not sign a memorandum between Iran and Pakistan finalizing the deal on June 12, 2010. India reportedly has been concerned about the security of the pipeline, the location at which the gas would be officially transferred to India, pricing of the gas, tariffs, and the source in Iran of the gas to be sold. Still, India might eventually reenter the project and Indian firms have won bids to take some equity stakes in various Iranian energy projects, as shown in the table below. During the Bush Administration, Secretary of State Rice on several occasions "expressed U.S. concern" about the pipeline deal or called it

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

"unacceptable," but no U.S. official in either the Bush or the Obama Administration has stated outright that it would be sanctioned. Ambassador Richard Holbrooke, the Administration representative on Pakistan and Afghanistan, has raised with Pakistan the possibility that the project could be sanctioned if it is undertaken, citing enactment of CISADA, P.L. 111-195.

India may envision an alternative to the pipeline project, as a means of tapping into Iran's vast gas resources. During high level economic talks in early July 2010, Iranian and Indian officials reportedly raised the issue of constructing an underwater natural gas pipeline, which would avoid going through Pakistani territory. However, such a route would presumably be much more expensive to construct than would be an overland route.

European Gas Pipeline Routes

Iran also is attempting to position itself as a gas exporter to Europe. A potential project involving Iran is the Nabucco pipeline project, which would transport Iranian gas to western Europe. Iran, Turkey, and Austria reportedly have negotiated on that project. The Bush Administration did not support Iran's participation in the project, and the Obama Administration apparently takes the same view, even though the project might make Europe less dependent on Russian gas supplies. Iran's Energy Minister Gholam-Hossein Nozari said on April 2, 2009, that Iran is considering negotiating a gas export route—the "Persian Pipeline"—that would send gas to Europe via Iraq, Syria, and the Mediterranean Sea.

Application to Iranian Firms or the Revolutionary Guard

Although ISA is widely understood to apply to firms around the world that reach an investment agreement with Iran, the provisions could also be applied to Iranian firms and entities subordinate to the National Iranian Oil Company (NIOC), which is supervised by the Oil Ministry. However, such entities do not do business in the United States and would not likely be harmed by any of the penalties that could be imposed under ISA. Some of the major components of NIOC are:

- The Iranian Offshore Oil Company;
- The National Iranian Gas Export Co.;
- National Iranian Tanker Company; and
- Petroleum Engineering and Development Co.

The actual construction and work 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 Iran's Revolutionary Guard. The relationship of other Iranian contractors to the Guard, if any, is unclear. Some of the Iranian contractor firms include Pasargad Oil Co, Zagros Petrochem. Co, Sazeh Consultants, Qeshm Energy, Sadid Industrial Group, and others.

Application to Liquefied Natural Gas

The original version of ISA did not apply to the development of liquefied natural gas. 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, P.L. 111-195) includes LNG in the definition of petroleum resources and therefore makes investment in LNG (or supply of LNG tankers or pipelines) sanctionable.

The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, H.R. 2194/P.L. 111-195

ISA, as initially constituted, had limited evident applications to Iran's gasoline dependency. Iran is dependent on gasoline imports to supply about 25%-35% of its gasoline needs. To try to reduce that dependence, Iran has plans to build or expand, possibly with foreign investment, at least eight refineries. Selling Iran equipment with which it can build or expand its refineries using its own construction capabilities did not appear to constitute "investment" under the previous definition of ISA. However, taking responsibility for constructing oil refineries or petrochemical plants in Iran has always constituted sanctionable projects under ISA because ISA's definition of investment includes "responsibility for the development of petroleum resources located in Iran." (**Table 2** provides some information on openly announced contracts to upgrade or refurbish Iranian oil refineries.)

It is not clear whether or not Iranian investments in energy projects in other countries, such as Iranian investment to help build five oil refineries in Asia (China, Indonesia, Malaysia, and Singapore) and in Syria, reported in June 2007, would constitute "investment" under ISA.

Gasoline Sales

Many in the 111th Congress took exception to the fact that selling or shipping gasoline to Iran did not previously constitute sanctionable activity under ISA. There have been a relatively limited group of major gasoline suppliers to Iran, and many in Congress believed that trying to stop such sells could put economic pressure on Iran's leaders. In March 2010, well before the passage of CSIDA on June 24, 2010, several gas suppliers to Iran, anticipating this legislation, announced that they had stopped or would stop supplying gasoline to Iran.[9] As noted in a *New York Times* report of March 7, 2010,[10] some firms that have supplied Iran have received U.S. credit guarantees or contracts. The main suppliers to Iran and the status of their sales to Iran are:

- Vitol of Switzerland (which said in March 2010 it has stopped sales of gasoline to Iran);[11]
- Trafigura of Switzerland (said in March 2010 it has stopped sales);
- Glencore of Switzerland (said in March 2010 it has stopped selling gasoline to Iran;
- Total of France (announced a halt to sales in early July 2010);
- Reliance Industries of India (reportedly has ended sales to Iran as of the end of 2009);[12]
- Petronas of Malaysia (said in mid-April 2010 it had stopped sales to Iran);[13]

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

[10] Becker, Jo and Ron Nixon. "U.S. Enriches Companies Defying Its Policy on Iran." *New York Times*, March 7, 2010.

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

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

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

- Lukoil of Russia (reportedly said in April 2010 that it will end sales to Iran);[14]
- Royal Dutch Shell of the Netherlands (which says it stopped sales to Iran in 2009);[15]
- British Petroleum of United Kingdom (told CRS in e-mail conversation in late 2009 that it is not selling gasoline to Iran), and reportedly has refused to renew its jet fuel contract with Iran Air;
- ZhenHua Oil, Unipec, and China Oil of China (China's firms reportedly supply one-third of Iran's gasoline imports);[16]
- Tupras (Turkey);
- Petroleos de Venezuela (reportedly reached a September 2009 deal to supply Iran with gasoline);
- Kuwait's Independent Petroleum Group supplies Iran;[17]
- Some accounts say refineries in Bahrain and UAE are supplying gasoline to Iran.
- Other press reports in July 2010 said that oil and oil products are being shipped into Iran via the Kurdish autonomous region of Iraq.[18]
- Munich Re, Allianz, Hannover Re (Germany) were providing insurance and re-insurance for gasoline shipments to Iran. However, they reportedly have exited the market for insuring gasoline shipments for Iran.[19]
- Lloyd's (Britain). The major insurer had been the main company insuring Iranian gas (and other) shipping, but reportedly has ended that business as of July 2010;
- Various aviation gasoline suppliers at various airports in Europe (including BP, as noted) reportedly have suspended some refueling of Iran Air passenger aircraft after enactment of P.L. 111-195 because that law's definition of refined petroleum includes aviation fuel.

Legislation in the 111th Congress/CISADA and Other Bills

Aside from CSIDA, a number of ideas to expand ISA's application to gasoline sales to Iran were advanced, although some believe that a sanction such as this would only be effective if it applied to all countries under a U.N. Security Council resolution rather than a unilateral U.S. sanction. In the 110th Congress, H.R. 2880 would have made sales to Iran of refined petroleum resources a violation of ISA.

In the 111th Congress, a few initiatives were adopted prior to CSIDA. Using U.S. funds to fill the Strategic Petroleum Reserve with products from firms that sell over $1 million worth of gasoline

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

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

[16] Blas, Javier, Carola Hoyas, and Daniel Dombey. "Chinese Companies Supply Iran With Petrol." *Financial Times,* September 23, 2009.

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

[18] Dagher, Sam. "Smugglers in Iraq Blunt Sanctions Against Iran." *New York Times,* July 9, 2010.

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

to Iran is prevented by the FY2010 Energy and Water Appropriation (H.R. 3183, P.L. 111-85, signed October 28, 2009). A provision of the FY2010 consolidated appropriation (P.L. 111-117) would deny Eximbank credits to any firm that sells gasoline to Iran, provides equipment to Iran that it can use to expand its oil refinery capabilities, or performs gasoline production projects in Iran. The Senate version of a FY2011 defense authorization bill (S. 3454) would prohibit Defense Department contracts for companies that sell gasoline to Iran or otherwise violate ISA; this provision would seem to be redundant with a provision of CSIDA, which is now law.

In the past, some threats to sanction foreign gasoline sellers to Iran have deterred sales to Iran. The Reliance Industries Ltd. of India decision to cease new sales of refined gasoline to Iran (as of December 31, 2008), mentioned above, came after several Members of Congress urged the Exim Bank of the United States to suspend assistance to Reliance, on the grounds that it was assisting Iran's economy with the gas sales. The Exim Bank, in August 2008, had extended a total of $900 million in financing guarantees to Reliance to help it expand.

Iran Refined Petroleum Sanctions Act (IRPSA) and Comprehensive Iran Sanctions, Accountability, and Divestment Act (H.R. 2194, P.L. 111-195)

In April 2009, several bills were introduced—H.R. 2194, S. 908, H.R. 1208, and H.R. 1985—that would amend ISA to make sanctionable efforts by foreign firms to supply refined gasoline to Iran or to supply equipment to Iran that could be used by Iran to expand or construct oil refineries. H.R. 2194 and S. 908 were both titled the Iran Refined Petroleum Sanctions Act of 2009 (IRPSA). H.R. 2194 passed the House on December 15, 2009, by a vote of 412-12, with four others voting "present" and six others not voting. The opposing and "present" votes included several Members who have opposed several post-September 11 U.S. military operations in the Middle East/South Asia region.

A bill in the Senate, the "Dodd-Shelby Comprehensive Iran Sanctions, Accountability, and Divestment Act," (S. 2799), was reported to the full Senate by the Senate Banking Committee on November 19, 2009, and passed the Senate, by voice vote, on January 28, 2010. It was adopted by the Senate under unanimous consent as a substitute amendment to H.R. 2194 on March 11, 2010, setting up conference action on the two versions of H.R. 2194. The Senate bill contained very similar provisions of the Iran Refined Petroleum Sanctions Act, but, as discussed in **Table 1** below, added provisions affecting U.S.-Iran trade and other issues.

A public meeting of the House-Senate conference, chaired by Representative Berman on the House side, and Senator Dodd on the Senate side, was held on April 28, 2010. Obama Administration officials were said to be concerned by some provisions of H.R. 2194 because of the legislation's potential to weaken allied unity on Iran. The Administration sought successfully to persuade Members to delay further work on H.R. 2194 until a new U.N. sanctions resolution is adopted—for fear that some P5+1 countries might refuse to support the U.N. resolution if there is a chance they will be sanctioned by a new U.S. law. Apparently responding to the Administration argument, House Foreign Affairs Committee Chairman Berman announced on May 15, 2010, that the conference committee on H.R. 2194 would not complete its work until after the U.N. resolution is adopted and in order to assess the results of a June 16, 2010, European Union meeting, which would discuss Iran. The U.N. Resolution was adopted on June 9, 2010, presumably moving aside that obstacle to conference action completion. The conference report was agreed on June 22, 2010 and was submitted on June 23, 2010. On June 24, 2010, the Senate

passed it 99-0, and the House passed it 408-8, with one voting "present." President Obama welcomed the passage and signed it into law on July 1, 2010.

As widely predicted, and as shown in the table below, the final version contained many of the extensive provisions of the Senate version, and some of the efforts to compel sanctions on violating firms from the House version. The Administration reportedly insisted that any agreed bill automatically exempt from sanctions firms of countries that are cooperating against the Iranian nuclear program. The Administration concern is that countries which fear penalties under a new U.S. law would withdraw their cooperation with the United States on future sanctions resolutions and measures against Iran. That concern was not directly met in the final version, although, as noted, the final law allows for waivers, delayed mandatory investigations of violations, and for non-investigation of companies that promise to end their business in Iran. As was widely predicted, the conference report contains provisions to sanction Iranian human rights abusers, including denial of visas for their travel to the United States and freezing of their assets.

Those who supported CISADA said it would strengthen President Obama's ability to obtain an agreement with Iran that might impose limitations on its nuclear program. The legislation might demonstrate to Iran that there are substantial downsides to rebuffing international criticism of its nuclear program. It was argued that Iran's dependence on gasoline imports could, at the very least, cause Iran's government to have to spend more for such imports. Others, however, believed the Iranian government would not import more gasoline, but rather ration it or reduce subsidies for it in an effort to reduce gasoline consumption. Many believe that Iran has many willing gasoline suppliers who might ignore a U.S. law along these lines. Still others believe that a gasoline ban would cause Iranians to blame the United States and United Nations for its plight and cause Iranians to rally around President Ahmadinejad and rebuild his popularity.[20]

[20] Askari, Hossein and Trita Parsi. "Throwing Ahmadinejad a Lifeline." *New York Times* op-ed. August 15, 2009.

Table 1. Comparison of Major Versions of H.R. 2194/P.L. 111-195

House Version	Senate Version	Conference Report/Final Law
General Goals and Overview: Seeks to expand the authorities of the Iran Sanctions Act (ISA, P.L. 104-172) to deter sales by foreign companies of gasoline to Iran.	Broader goals than House: sanctions sales of gasoline to Iran similar to House version of H.R. 2194, but also would affect several other U.S. sanctions against Iran already in place, including revoking some exemptions to the U.S. ban on imports from Iran.	Generally closer to the Senate version, but adds new provisions sanctioning Iranians determined to be involved in human rights abuses and requires Treasury Department to prohibit transactions with foreign banks that conduct business with Revolutionary Guard and U.N.-sanctioned Iranian entities.
Statement of U.S. Policy on Sanctioning Iran's Central Bank (Bank Markazi): Section2(c) and 3(a) state that it shall be U.S. policy to fully enforce ISA to encourage foreign governments: - to cease investing in Iran's energy sector. - to sanction Iran's Central Bank and other financial institutions that do business with the Iranian Central Bank (or any Iranian bank involved in proliferation or support of terrorist activities).	Section 108 urges the President to use existing U.S. authorities to impose U.S. sanctions against the Iranian Central Bank or other Iranian banks engaged in proliferation or support of terrorist groups. Such authorities could include Section 311 of the USA Patriot Act (31 U.S.C. 5318A), which authorizes designation of foreign banks as "of primary money laundering concern" and thereby cut off their relations with U.S. banks.	Section 104 (see below) contains sense of Congress urging U.S. sanctions against Iranian Central Bank and would prohibit U.S. bank dealings with any financial institution that helps the Central Bank facilitate circumvention of U.N. resolutions on Iran.
Extension of ISA to Sales of Gasoline: Section 3(a) would amend ISA to make sanctionable: - the sale to Iran of equipment or services (of over $200,000 in value, or $500,000 combined sales in one year) that would enable Iran to maintain or expand its domestic production of refined petroleum. —or, the sale to Iran of refined petroleum products or ships, vehicles, or insurance or reinsurance to provide such gasoline to Iran (same dollar values as sale of equipment).	Section 102(a) contains similar provisions regarding both gasoline sales and sales of equipment and services for Iran to expand its own refinery capacity. However, sets the aggregate one-year sale value at $1 million—double the level of the House bill.	Section 102(a) contains provisions amending ISA to include sales of gasoline and refining services and equipment as sanctionable (similar to both versions). Sets dollar value "trigger" at $1million transaction, or $5 million aggregate value (equipment or gasoline sales) in a one year period. Specifies that what is sanctionable includes helping Iran develop not only oil and natural gas resources, but also liquefied natural gas (LNG). Products whose sales is sanctionable includes LNG tankers and products to build pipelines used to transport oil or LNG. Includes aviation fuel in definition of refined petroleum. Formally reduces investment threshold to $20 million to trigger sanctionability.

House Version	Senate Version	Conference Report/Final Law
Expansion of ISA Sanctions: Section 3(b) would mandate certain sanctions (not currently authorized by ISA) on sellers of the equipment, gasoline, or services described in Section 3(a) to include: - prohibition of any transactions in foreign exchange with sanctioned entity; - prohibition of credit or payments to the sanctioned entity; - and, prohibition on any transactions involving U.S.-based property of the sanctioned entity. (These sanctions would be imposed in addition to the required two out of six sanctions currently specified in ISA.)	Similar to House bill (Section 102(a)).	Section 102(b) amends ISA to add the three sanctions contained in the House and Senate versions, *but*: it would *add these three to the existing menu* of six sanctions in ISA. The President would be required to *impose 3 out of the 9* specified sanctions on entities determined to be violators. (As previously existed, ISA required the imposition of two out of six sanctions of the menu.)
U.S. Government Enforcement Mechanism: Section 3(b) also requires the heads of U.S. Government agencies to ensure that their agencies contract with firms that certify to the U.S. agency that they are not selling any of the equipment, products, or services to Iran (gasoline and related equipment and services) specified in Section 3(a). The section contains certain penalties, such as prohibition on future bids for U.S. government contracts, to be imposed on any firm that makes a false certification about such activity.	Section 103(b)(4) contains a similar provision, but mandates that the head of a U.S. agency may not contract with a person who meets criteria of sanctionability in the act. Would not require the bidding/contracting firm to certify its own compliance, thereby placing the burden of verifying such compliance on the U.S. executive agency.	Section 102(b) amends ISA by adding a provision similar to the House version: requiring new Treasury Dept. regulations that mandate that firms to certify that they are not in violating of ISA as a condition of receiving a U.S. government contract, and providing for penalties for any falsification.

House Version	Senate Version	Conference Report/Final Law
Additional Sanctions Against Suppliers of Nuclear, Missile, or Advanced Conventional Weapons Technology to Iran: Section 3(c) provides an additional ISA sanction to be imposed on any country whose entity(ies) violate ISA by providing nuclear weapons-related technology or missile technology to Iran. The sanction to be imposed on such country is a ban on any nuclear cooperation agreement with the United States under the Atomic Energy Act of 1954, and a prohibition on U.S. sales to that country of nuclear technology in accordance with such an agreement. The sanction can be waived if the President certifies to Congress that the country in question is taking effective actions against its violating entities.	No equivalent, although, as noted below, the Senate bill does contain several proliferation-related provisions.	Section 102(a)(2) amends ISA by adding a prohibition on licensing of nuclear materials, facilities, or technology to any country which is the parent country of an entity determined to be sanctioned under ISA for providing WMD technology to Iran. Waiver is provided on vital national security interest grounds.
Alterations to Waiver and Implementation Provisions: Section 3(d)(1) imposes a requirement (rather than an non-binding exhortation in the existing law) that the Administration "immediately" initiate an investigation of any potentially sanctionable activity under ISA. Section 3(d)(2) would require the President to certify that a waiver of penalties on violating entities described above is "vital to the national security interest of the United States." rather than, as currently stipulated in ISA, is "important to the national interest of the United States."	No similar provisions	Implementation and waiver provisions closer to House version. Section 102(g) amends ISA to make mandatory the beginning of an investigation of potentially sanctionable activity, and makes mandatory a decision on sanctionability within 180 days of the beginning of such an investigation. (Currently, 180 day period is non-binding.) Section 102(c) sets 9(c) waiver standard as "necessary to the national interest" Section 102(g) also alters existing 4(c) ISA waiver to delay sanctions on firms of countries that are "closely cooperating" with U.S. efforts against Iran's WMD programs. (This is not an automatic "carve out" for cooperating countries widely discussed in the press.) Section 102(g)(3) adds to ISA a "special rule" that no investigation of a potential violation need be started if a firm has ended or pledged to end its violating activity in/with Iran.

House Version	Senate Version	Conference Report/Final Law
Required Reports:		
Section 3(e) would amend ISA's current Administration reporting requirements to also include an assessment of Iran's support for militant movements and to acquire weapons of mass destruction technology. A new reporting requirement would be created (every six months) on firms providing Iran gasoline and related equipment and services specified above, as well as the names and dates of such activity, and any contracts such entities have with U.S. Government agencies. The required report is to include information on persons the President determines is affiliated with Iran's Islamic Revolutionary Guard Corp (IRGC), as well as persons providing material support to the IRGC or conducting financial transactions with the IRGC or its affiliates. Also required is an Administration report, within one year of enactment, on trade between Iran and countries in the G-20.	Section 107 contains a provision similar to the new reporting requirement of the House bill with regard to firms that sold gasoline and related equipment and services to Iran, and invested in Iran's energy sector. The Senate bill does not require reporting on the IRGC that is stipulated in the House bill, or the report on Iran-G-20 trade. However, the Senate bill (Section 109) expresses the sense of Congress that the United States "continue to target" the IRGC for supporting terrorism, its role in proliferation, and its oppressive activities against the people of Iran.	Various reporting requirements throughout (separate from those required to trigger or justify the various sanctions or waivers). These reporting requirements are: - Amendment of section 10 of ISA to include a report, within 90 days of enactment, and annual thereafter, on trade between Iran and the countries of the Group of 20 Finance Ministers and Central Bank Governors. (From House version) - Section 110 of the law (not am amendment to ISA) requires a report within 90 days, and every 180 days hence, on investments made in Iran's energy sector since January 1, 2006. The report must include significant joint ventures outside Iran in which Iranian entities are involved. - The Section 110 report is to include an estimate of the value of ethanol imported by Iran during the reporting period. - Section 111 (not an ISA amendment) requires a report within 90 days on the activities of export credit agencies of foreign countries in guaranteeing financing for trade with Iran).
Expansion of ISA Definitions:		
Section 3(f) would expand the definitions of investing entities, or persons, contained in ISA, to include: - export credit agencies. (Such a provision is widely considered controversial because export credit agencies are arms of their governments, and therefore sanctioning such agencies is considered a sanction against a government.)	Similar provision contained in Section 102(d).	Does not include export credit agencies as a sanctionable entity under ISA (as amended). (However, a report is required on export credit agency activity, as discussed under "reporting requirements") Does include LNG as petroleum resources.

House Version	Senate Version	Conference Report/Final Law
Termination Provisions:		
Section 3(g) would terminate the bill's sanctions against persons who are sanctioned, under the act, for sales of WMD-related technology, if the President certifies that Iran has ceased activities to acquire a nuclear device and has ceased enrichment of uranium and other nuclear activities.	Title IV would terminate the act's provisions 30 days after the President certifies that Iran has: - ceased support for international terrorism and qualifies for removal from the U.S. "terrorism list" - and, has ceased the pursuit and development of WMD and ballistic missile technology.	Same as Senate version, which means that the amendments to ISA in this law terminate if the President certifies that Iran has ceased WMD development, and has qualified for removal from the U.S. terrorism list. However, the pre-existing version of ISA would continue to apply until the President also certifies that Iran poses no significant threat to U.S. national security, interests, or allies.
ISA Sunset:		
Section 3(h) would extend all provisions of ISA until December 31, 2016. It is currently scheduled to "sunset" on December 31, 2011, as amended by the Iran Freedom Support Act (P.L. 109-293).	No similar provision.	Sunset provision same as House version ISA to sunset December 31, 2016.
Additional Provisions That Are Not Amendments to ISA		
Modification to U.S. Ban on Trade With and Investment in Iran:		
No provision	Section 103(b)(1) would ban all imports of Iranian origin from the United States, with the exception of informational material. Currently, modifications to the U.S. trade ban with Iran (Executive Order 12959 of May 6, 1995) that became effective in 2000 permit imports of Iranian luxury goods, such as carpets, caviar, nuts, and dried fruits. - Section 103(b)(2)) generally reiterates/codifies current provisions of U.S. trade ban related to U.S. exports to Iran. Provision would prohibit exports to Iran of all goods except food and medical devices, informational material, articles used for humanitarian assistance to Iran, or goods needed to ensure safe operation of civilian aircraft.	Same as Senate version. However, contains a new section that the existing U.S. ban (by Executive order) on most exports to Iran not include the exportation of services for Internet communications. Provision also states that the ban on most exports should not include goods or services needed to help non-governmental organizations support democracy in Iran. Both provisions designed to support opposition protesters linked to Iran's "Green movement."

House Version	Senate Version	Conference Report/Final Law
Freezing of Assets/Travel Restriction on Revolutionary Guard and Related Entities and Persons. No provision	Section 103(b)(3) mandates the President to freeze the assets of Iranian diplomats, IRGC, or other Iranian official personnel deemed a threat to U.S. national security under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.). Provision would require freezing of assets of families and associates of persons so designated. Section 109 calls for a ban on travel of IRGC and affiliated persons.	Similar to Senate version
Application of U.S. Trade Ban to Subsidiaries: No provision	Section 104 would apply the provisions of the U.S. trade ban with Iran (Executive Order 12959) to subsidiaries of U.S. firms if the subsidiary is established or maintained for the purpose of avoiding the U.S. ban on trade with Iran . The definition of subsidiary, under the provision, is any entity that is more than 50% owned or is directed by a U.S. person or firm.	No provision
Mandatory Sanctions on Financial Institutions that Help Iran's Sanctioned Entities: No provision	No provision	Contains new section that requires the Treasury Department to develop regulations to prohibit U.S. financial transactions with any foreign financial institution that: - facilitates efforts by the Revolutionary Guard to acquire WMD or fund terrorism - facilitate the activities of any person sanctioned under U.N. resolutions on Iran. - facilitates the efforts by Iran's Central Bank to support the Guard's WMD acquisition efforts or support any U.N.- sanctioned entity
Sanctions on Iranian Human Rights Abusers: No provision	No provision	Section 105 requires, within 90 days, a report listing Iranian officials (or affiliates) determined responsible for or complicit in serious human rights abuses since the June 12, 2009 Iranian election. Those listed are ineligible for a U.S. visa, their U.S, property is to be blocked, and transactions with those listed are prohibited.

House Version	Senate Version	Conference Report/Final Law
Sanctioning Certain Information Technology Sales to Iran: No provision	Section 105 prohibits U.S. executive agencies from contracting with firms that export sensitive technology to Iran. "Sensitive technology" is defined as hardware, software, telecommunications equipment, or other technology that restricts the free flow of information in Iran or which monitor or restrict "speech" of the people of Iran.	Section 106 of the conference report is similar to Senate version.
Treasury Department Authorization to prevent misuse of the U.S. financial system by iran or other countries. No provision	Section 106(b) authorizes $64.611 million for FY2010 (and "such sums as may be necessary" for FY2011 and 2012) for the Treasury Department's Office of Terrorism and Financial Intelligence. The funds are authorized to ensure that countries such as Iran are not misusing the international financial system for illicit purposes. Iran is not mentioned specifically. $104.26 million is authorized by the section for FY2010 for the Department's Financial Crimes Enforcement Network.	Section 109 authorizes $102 million for FY2011 and "sums as may be necessary" for FY2012 and 2013 to the Treasury Department Office of Terrorism and Financial Intelligence. Another $100 million is authorized for FY2011 for the Financial Crimes Enforcement Network, and $113 million for FY2011 for the Burea of Industry and Security for the Department of Commerce
Hezbollah No specific provision, although, as noted above, the House bill does expand ISA reporting requirements to include Iran's activities to support terrorist movements. Lebanese Hezbollah is named as a Foreign Terrorist Organization (FTO) by the U.S. State Department.	Section 110 contains a sense of Congress that the President impose the full range of sanctions under the International Emergency Economic Powers Act (50 U.S.C. 1701) on Hezbollah, and that the President renew international efforts to disarm Hezbollah in Lebanon (as called for by U.N. Security Council Resolutions 1559 and 1701).	Section 113 similar to Senate version.
Divestment No provisions	Title II of the Senate bill (Section 203) prevents criminal, civil, or administrative action against any investment firm or officer or adviser based on its decision to divest from securities that: - have investments or operations in Sudan described in the Sudan Accountability and Divestment Act of 2007 - or, engage in investments in Iran that would be considered sanctionable by the Senate bill.	Similar to Senate version

House Version	Senate Version	Conference Report/Final Law
Prevention of Transshipment, Reexportation, or Diversion of Sensitive Items to Iran No provision	Section 302 requires a report by the Director of National Intelligence that identifies all countries considered a concern to allow transshipment or diversion of WMD-related technology to Iran (technically: "items subject to the provision of the Export Administration Regulations"). Section 303 requires the Secretary of Commerce to designate a country as a "Destination of Possible Diversion Concern" if such country is considered to have inadequate export controls or is unwilling to prevent the diversion of U.S. technology to Iran. The provision stipulates government-to-government discussions are to take place to improve that country's export control systems. If such efforts did not lead to improvement, the section would mandate designation of that country as a "Destination of Diversion Concern" and would set up a strict licensing requirement for U.S. exports of sensitive technologies to that country.	Similar to Senate version, but does not provide for prior negotiations before designating a country as a "Destination of Possible Diversion Concern." List of countries that are believed to be allowing diversion of specified goods or technology to Iran to be named in a report provided within 180 days of enactment.

Administration Review of Potential ISA Violations[21]

Several Members of Congress have, in recent years, questioned why no penalties have been imposed for violations of ISA. State Department reports to Congress on ISA, required every six months, have routinely stated that U.S. diplomats raise U.S. policy concerns about Iran with investing companies and their parent countries. However, these reports have not specifically stated which foreign companies, if any, were being investigated for ISA violations. No publication of such deals has been placed in the *Federal Register* (requirement of Section 5e of ISA).

In 2008, possibly sensing some congressional unrest over this fact, Under Secretary of State for Political Affairs William Burns testified on July 9, 2008 (House Foreign Affairs Committee), that the Statoil project (listed in **Table 2**) is under review for ISA sanctions. Statoil is incorporated in Norway, which is not an EU member and which would therefore not fall under the 1998 U.S.-EU agreement discussed above. Burns did not mention any of the other projects. Nor was there a formal State Department determination on Statoil subsequently.

[21] Much of this section is derived from a meeting between the CRS author and officials of the State Department's Economics Bureau, which is tasked with the referenced review of investment projects. November 24, 2009.

Possibly in response to the new legislative initiatives in the 111th Congress, and to an October 2009 letter signed by 50 Members of Congress referencing the CRS table below, Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman testified before the House Foreign Affairs Committee on October 28, 2009, that the Obama Administration would review investments in Iran for violations of ISA. Feltman testified that the preliminary review would be completed within 45 days (by December 11, 2009) to determine which projects, if any, require further investigation. Feltman testified that some announced projects were for political purposes and did not result in actual investment. State Department officials told CRS in November 2009 that projects involving Iran and Venezuela appeared to fall into the category of symbolic announcement rather than actual implemented projects.

On February 25, 2010, Secretary of State Clinton testified before the House Foreign Affairs Committee that the State Department's preliminary review was completed in early February and that some of the cases reviewed "deserve[] more consideration" and were undergoing additional scrutiny. The preliminary review, according to the testimony, was conducted, in part, through State Department officials' contacts with their counterpart officials abroad and corporation officials. The additional investigations of problematic investments would involve the intelligence community, according to Secretary Clinton. State Department officials told CRS in November 2009 that any projects that the State Department plan was to complete the additional investigation and determine violations within 180 days of the completion of the preliminary review. (The 180-day time frame is, according to the Department officials, consistent with the Iran Freedom Support Act amendments to ISA discussed above.) That would mean that a final determination of sanctionability would be due in early August 2010 (180 days from "early February). On June 22, 2010, Assistant Secretary of State William Burns testified before the Senate Foreign Relations Committee that there are "less than 10" cases in which it appears there may have been violations of ISA, and that Secretary of State Clinton is consulting with "other agencies" about what actions are appropriate, as preparation for a sanctionability determination.

In part because the preliminary review was not completed by mid-December 2009, as was expected, Representative Mark Kirk and Representative Ron Klein circulated a "Dear Colleague" letter requesting support for "The Iran Sanctions Enhancement Act" providing for a monthly GAO report on potential ISA violators, and completion of an investigation of potential violations within 45 days of any GAO identification of possible violations.

Table 2. 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.)	Totalfina Elf (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.)	Totalfina Elf/ 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 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 (Norway)/Gazprom (Russia)/Lukoil (Russia) No production to date	$120 million	65,000
July 2000	**Phase 4 and 5, South Pars (gas)** *(Petroleum Economist*, December 1, 2004.)	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 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

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
October 2002	**Phase 6, 7, 8, South Pars (gas)** (Petroleum Economist, March 1, 2006.)	Statoil (Norway) began producing late 2008	$2.65 billion	3 billion cfd
January 2004	**Azadegan (oil)** ("Japan Mulls Azadegan Options." APS Review Oil Market Trends, November 27, 2006.)	Inpex (Japan) 10% stake. CNPC. agreed to develop "north Azadegan" in Jan. 2009	$200 million (Inpex stake); China $1.76 billion	260,000 bpd
August 2004	**Tusan Block** ("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) Oil found in block in Feb. 2009, but not in commercial quantity, according to the firm	$178 million	No production
October 2004	**Yadavaran (oil)** ("Iran, China's Sinopec Ink Yadavaran Oilfield Development Contract." Payvand's Iran News, December 9, 2009.)	Sinopec (China), deal finalized December 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 report; Fimco FZE Machinery Website; http://www.fimco.org/index.php?option=com_content&task=view&id=70&Itemid=78.)	Sinopec (China); JGC (Japan)	$959 million	Expansion to produce 250,000 bpd
Sept. 2006	**Khorramabad block (oil)** (PR Strategic Business Information Database, September 18, 2006)	Norsk Hydro (Norway)	$49 million	?
Feb. 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

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
March 2007	**Esfahan refinery upgrade** ("Daelim, Others to Upgrade Iran's Esfahan Refinery." *Chemical News and Intelligence*, March 19, 2007.)	Daelim (S. Korea)		NA
Dec. 2007	**Golshan and Ferdows onshore and offshore gas fields and LNG plant** contract modified but reaffirmed December 2008 (GAO report; Oil Daily, January 14, 2008.)	SKS Ventures, Petrofield Subsidiary (Malaysia)	$16 billion	3.4 billion cfd
2007 (unspec.)	**Jofeir Field (oil)** GAO report cited below	Belneftekhim (Belarus) No production to date	$450 million	40,000 bpd
2008	**Dayyer Bloc (Persian Gulf, offshore, oil)** GAO report cited below	Edison (Italy)	$44 million	?
February 2008	**Lavan field (offshore natural gas)** GAO report cited below	PGNiG (Poland) Status unclear	$2 billion	
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	**Moghan 2 (onshore oil and gas, Ardebil province)** GAO report cited below	INA (Croatia)	$40-$140 million (dispute over size)	?
?	**Kermanshah petrochemical plant (new construction)** GAO report cited below	Uhde (Germany)		300,000 metric tons/yr
January 2009	**"North Azadegan"** (Chinadaily.com. "CNPC to Develop Azadegan Oilfield," http://www.chinadaily.com.cn/bizchina/2009-01/16/content_7403699.htm.)	CNPC (China)	$1.75 billion	75,000 bpd

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Oct. 2009	**South Pars Gas Field—Phases 6-8, Gas Sweetening Plant** CRS conversation with Embassy of S. Korea in Washington, D.C, 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)	
February 2010	**South Pars: Phase 11** Drilling to Begin in March 2010 ("CNPC in Gas Deal, Beefs Up Tehran Team—Source," Reuters India, February 10, 2010, http://in.reuters.com.articlePrint?articleId=INTOE61909U20100210.)	CNPC (China)	$4.7 billion	
Totals: $41 billion investment				
Other Pending/Preliminary Deals				
North Pars Gas Field (offshore gas). Includes gas purchases (December 2006) (http://english.peopledaily.com.cn/200705/19/print20070519_376139.html.)		China National Offshore Oil Co.	$16 billion	3.6 billion cfd
Phase 13, 14—South Pars (gas); (Feb. 2007). 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.)		Royal Dutch Shell, Repsol (Spain)	$4.3 billion	?
Phase 22, 23, 24—South Pars (gas), incl. transport Iranian gas to Turkey, and on to Europe and building three power plants in Iran. Initialed July 2007; not finalized to date.		Turkish Petroleum Company (TPAO)	$12. billion	2 billion cfd
Iran's Kish gas field (April 2008) Includes pipeline from Iran to Oman (http://www.presstv.ir/detail.aspx?id=112062&sectionid=351020103.)		Oman (co-financing of project)	$7 billion	1 billion cfd
Phase 12 South Pars (gas)—part 1. Incl. LNG terminal construction and Farzad-B natural gas bloc (March 2009)		China-led consortium; project originally subscribed in May 2007 by OMV (Austria); possibly taken over by Indian firms (ONGC, Oil India Ltd., Hinduja, Petronet)	$8 billion+	20 million tonnes of LNG annually by 2012

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
South Pars gas field (September 2009)		Petroleos de Venezuela S.A.; 10% stake in venture	$760 million	
Abadan refinery Upgrade and expansion; building a new refinery at Hormuz on the Persian Gulf coast (August 2009)		Sinopec	up to $6 billion if new refinery is built	

Sources: As noted in table, a wide variety of other press announcements and sources, CRS conversations with officials of the State Department Bureau of Economics (November 2009), CRS conversations with officials of embassies of the parent government of some of the listed companies (2005-2009). Some reported deals come from a March 2010 GAO report, "Firms Reported in Open Sources as Having Commercial Activity in Iran's Oil, Gas, and Petrochemical Sectors." GAO-10-515R Iran's Oil, Gas, and Petrochemical Sectors. http://www.gao.gov/new.items/d10515r.pdf. The GAO report lists 41 firms with "commercial activity in Iran's energy sector; several of the listed agreements do not appear to constitute "investment," as defined in ISA.

Note: CRS has neither 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, and 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.

Ban on U.S. Trade and Investment With Iran

ISA was enacted, in part, because U.S. allies refused to adopt a ban on trade with and investment in Iran. Such a U.S. ban was imposed on May 6, 1995, when President Clinton issued Executive Order 12959.[22] This followed an earlier March 1995 executive order barring U.S. investment in Iran's energy sector. The trade and investment ban was intended to blunt criticism that U.S. trade with Iran made U.S. appeals for multilateral containment of Iran less credible. Each March since 1995 (and most recently on March 10, 2010), the U.S. Administration has renewed a declaration of a state of emergency that triggered the investment ban. The operation of the trade regulations is stipulated in Section 560 of the Code of Federal Regulations (Iranian Transactions Regulations, ITR's).

Some modifications to the trade ban since 1999 account for the trade between the United States and Iran which was about $350 million worth of goods for all of 2009 ($281 million in exports to Iran, and $67 million in imports from Iran). That is about half the value of the bilateral trade in 2008.

The following conditions and modifications, as administered by the Office of Foreign Assets Control (OFAC) of the Treasury Department, apply:

- Some goods related to the safe operation of civilian aircraft may be licensed for export to Iran, and as recently as September 2006, the George W. Bush Administration, in the interests of safe operations of civilian aircraft, permitted a sale by General Electric of Airbus engine spare parts to be installed on several Iran Air passenger aircraft (by European airline contractors).
- U.S. firms may not negotiate with Iran or to trade Iranian oil overseas, but U.S. companies may apply for licenses to conduct "swaps" of Caspian Sea oil with Iran. A Mobil Corporation application to do so was denied in April 1999.
- According to the regulations that implement the trade ban (Iranian Transactions Regulations, Part 560 of the Code of Federal Regulations) the ban does not apply to personal communications, or to humanitarian donations. U.S. non-government organizations (NGOs) require a specific license to operate in Iran. Some NGOs say the licensing requirements are too onerous to make work in Iran practical.
- Since April 1999, commercial sales of food and medical products to Iran have been allowed, on a case-by-case basis and subject to OFAC licensing. According to OFAC in April 2007, licenses for exports of medicines to treat HIV and leukemia are routinely expedited for sale to Iran, and license applications are viewed favorably for business school exchanges, earthquake safety seminars, plant and animal conservation, and medical training in Iran. Private letters of credit can be used to finance approved transactions, but no U.S. government

[22] The Executive Order was issued under the authority of: 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.; Section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9) and Section 301 of Title 3, United States Code. An August 1997 amendment to the trade ban (Executive Order 13059) prevented U.S. companies from knowingly exporting goods to a third country for incorporation into products destined for Iran.

credit guarantees are available, and U.S. exporters are not permitted to deal directly with Iranian banks. The FY2001 agriculture appropriations law (P.L. 106-387) contained a provision banning 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, to date.

- In April 2000, the trade ban was further eased to allow U.S. importation of Iranian nuts, dried fruits, carpets, and caviar. Financing was permitted for U.S. importers of these goods. The United States was the largest market for Iranian carpets before the 1979 revolution, but U.S. anti-dumping tariffs imposed on Iranian products in 1986 dampened of many Iranian products. The tariff on Iranian carpets is now about 3%-6%, and the duty on Iranian caviar is about 15%. In December 2004, U.S. sanctions were further modified to allow Americans to freely engage in ordinary publishing activities with entities in Iran (and Cuba and Sudan). As of mid-2007, the product most imported from Iran by U.S. importers is pomegranate juice concentrate. CISADA has not re-imposed the full import ban.

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 has no operational relationship to the parent company. The March 7, 2010, *New York Times* article, cited above, discusses some subsidiaries of U.S. firms that have been active in Iran and which have received U.S. government contracts, grants, loans, or loan guarantees.

Among major foreign subsidiaries of U.S. firms that have traded with Iran are the following:

- Halliburton. On January 11, 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 provided $30 million to $35 million worth of services per year through Oriental Kish, leaving unclear whether Halliburton would be considered in violation of the U.S. trade and investment ban or the Iran Sanctions Act (ISA)[23]—because the deals involved a subsidiary of Halliburton (Cayman Islands-registered Halliburton Products and Service, Ltd., based in Dubai). On April 10, 2007, Halliburton announced that its subsidiaries were, as promised in January 2005, no longer operating in Iran.
- General Electric (GE). The firm announced in February 2005 that it would seek no 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, and medical diagnostic projects through Italian, Canadian, and French subsidiaries.
- Foreign subsidiaries of several other U.S. energy equipment firms have been and may still be in the Iranian market, according to their "10-K" filings with the Securities and Exchange Commission. These include Natco Group,[24] Overseas

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

[24] Form 10-K Filed for fiscal year ended December 31, 2008.

Shipholding Group, [25] UOP (a Honeywell subsidiary),[26] Itron[27], Fluor, [28] Flowserve,[29] Parker Drilling, Vantage Energy Services,[30] Weatherford, [31]and a few others.

- An Irish subsidiary of the Coca Cola company provides syrup for the U.S.-brand soft drink to an Iranian distributor, Khoshgovar. Local versions of both Coke and of Pepsi (with Iranian-made syrups) are also marketed in Iran by distributors who licensed the recipes for those soft drinks before the Islamic revolution and before the trade ban was imposed on Iran.

In the 110th Congress, S. 970, S. 3227, S. 3445, and three House-passed bills (H.R. 1400, H.R. 7112, and H.R. 957)—would have applied sanctions to the parent companies of U.S. subsidiaries if those subsidiaries are directed by the parent company to trade with Iran. The Senate version of CISADA contained a similar provision, but it was taken out in conference action.

Foreign Country Civilian Trade With Iran

Neither the U.S. ban on trade and investment with Iran, nor U.N. sanctions, nor European Union sanctions on Iran, ban trade with Iran in purely civilian goods. A very wide range of foreign firms have been conducting trade with or have had a corporate presence with Iran, although, as discussed later, this level of interaction is changing because of the mounting global consensus to isolate Iran. Some of the well-known firms include Alcatel-Lucent of France; Bank of Tokyo-Mitsubishi UFJ; BNP Paribas of France; Bosch of Germany; Canon of Japan; Fiat SPA of Italy; Ericsson of Sweden; ING Group of the Netherlands; Mercedes of Germany; Renault of France; Samsung of South Korea; Sony of Japan; Volkswagen of Germany; Volvo of Sweden; ThyssenKrupp of Germany; and numerous others. Some of the foreign firms that trade with Iran, such as Mitsui and Co. of Japan; Mitsui of Japan, ABB Ltd of Switzerland, Alstom of France, and Schneider Electric of France, are discussed in the March 7, 2010, *New York Times* article on foreign firms that do business with Iran and also receive U.S. contracts or financing. The *Times* article does not claim that these firms have violated any U.S. sanctions laws.

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

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

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

[28] "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.

[29] Form 10-K for Fiscal year ended December 31, 2009.

[30] Form 10-K for Fiscal year ended December 31, 2007.

[31] 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.

Treasury Department "Targeted Financial Measures"

Various "targeted financial measures" have been undertaken by the Treasury Department, particularly the office of Under Secretary of the Treasury Stuart Levey (who has remained in the Obama Administration). Since 2006, strengthened by leverage provided in five U.N. Security Council Resolutions, Levey and other officials have been able to convince numerous foreign banks that dealing with Iran entails financial risk and furthers terrorism and proliferation. Treasury Secretary Timothy Geithner has described Levey as having "led the design of a remarkably successful program"[32] with regard to targeting Iran's proliferation networks. The actions have, according to the International Monetary Fund, partly dried up financing for energy industry and other projects in Iran. The United States has also worked extensively with its partners in the multilateral Financial Action Task Force (FATF) to achieve a directive by that group in February 2010 that its members "protect the international financial system from the ongoing and substantial money laundering and terrorist financing risks from Iran."

In a major summation of the effort, Treasury and State Departments officials, as of early 2010, say that they had persuaded at least 80 banks not to provide financing for exports to Iran or to process dollar transactions for Iranian banks. Among those that have pulled out of Iran are UBS (Switzerland), HSBC (Britain), Germany's Commerzbank A.G. and Deutsche Bank AG. U.S. financial diplomacy has reportedly convinced Kuwaiti banks to stop transactions with Iranian accounts,[33] and some banks in Asia (primarily South Korea and Japan) and the rest of the Middle East have done the same. The July 27, 2010 EU sanctions discussed below impose restrictions on European country banking relationships with Iran.

Some of these results have come about through U.S. pressure. In 2004, the Treasury Department fined UBS $100 million for the unauthorized movement of U.S. dollars to Iran and other sanctioned countries, and in December 2005, the Treasury Department fined Dutch bank ABN Amro $80 million for failing to fully report the processing of financial transactions involving Iran's Bank Melli (and another bank partially owned by Libya). In the biggest such instance, on December 16, 2009, the Treasury Department announced that Credit Suisse would pay a $536 million settlement to the United States for illicitly processing Iranian transactions with U.S. banks. Credit Suisse, according to the Treasury Department, saw business opportunity by picking up the transactions business from a competitor who had, in accordance with U.S. regulations discussed below, ceased processing dollar transactions for Iranian banks. Credit Suisse also pledged to cease doing business with Iran.

In action intended to cut Iran off from the U.S. banking system, on September 6, 2006, the Treasury Department 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 Iran's Bank Saderat (see above), which the Administration accuses of providing funds to Hezbollah.[34] Bank Sepah is subject to asset freezes and transactions

[32] Hearing of the Financial Services and General Government Subcommittee of the House Appropriations Committee, *Federal News Service*, May 21, 2009.

[33] Mufson, Steven and Robin Wright. "Iran Adapts to Economic Pressure." *Washington Post*, October 29, 2007.

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

limitations as a result of Resolutions 1737 and 1747. The Treasury Department extended that U-Turn restriction to all Iranian banks on November 6, 2008.

Thus far, the Treasury Department has not designated any bank as a "money laundering entity" for Iran-related transactions (under Section 311 of the USA Patriot Act), although some say that step has been threatened at times. Nor has Treasury imposed any specific sanctions against Bank Markazi (Central Bank) which, according to a February 25, 2008, *Wall Street Journal* story, is helping other Iranian banks circumvent the U.S. and U.N. banking pressure. Several European countries reportedly still oppose such a sanction as an extreme step with potential humanitarian consequences, for example by preventing Iran from keeping its currency stable. S. 3445, a Senate bill in the 110th Congress, and a counterpart passed by the House on September 26, 2008 (H.R. 7112), called for this sanction. The Senate version of H.R. 2194, the "Dodd-Shelby" bill, referenced above, in the 111th Congress had a similar provision, which was included in conference action. Resolution 1929 references the need for vigilance in dealing with Iran's Central Bank but does not mandate any new sanctions against it.

In enforcing U.S. sanctions, on December 17, 2008, the U.S. Attorney for the Southern District of New York filed a civil action seeking to seize the assets of the Assa Company, a UK-chartered entity. Assa 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.

Treasury Department officials say that some of these efforts have gone as far as possible and, in concert with statements by Secretary of State Clinton and other officials in early 2010, Treasury officials are attempting to target the Revolutionary Guard and its corporate arms and suppliers. Four Guard-related Iranian firms, and one Guard official affiliated with the Guard's corporate activities, were designated by the Treasury Department as proliferation entities under Executive Order 13382. Revolutionary Guard-affiliated firms are targeted extensively for sanctions under Resolution 1929. On June 16, 2010, several more Guard officials and affiliate firms were designated under Executive Order 13382. The EU sanctions imposed July 27, 2010 appear to align the EU with the United States by designated numerous Guard entities as subject to asset freezes.

Terrorism List Designation-Related Sanctions

Several U.S. sanctions are in effect as a result of Iran's presence on the U.S. "terrorism list." The list was established by 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. Iran was added to the list in January 1984, following the October 1983 bombing of the U.S. Marine barracks in Lebanon (believed perpetrated by Hezbollah). Sanctions imposed as a consequence include a ban on U.S. foreign aid to Iran; restrictions on U.S. exports to Iran of dual use items; and requires the United States to vote against international loans to Iran.

- The terrorism list designation restricts sales of U.S. dual use items (Export Administration Act, as continued through presidential authorities under the International Emergency Economic Powers Act, IEEPA, as implemented by executive orders), and, under other laws, bans direct U.S. financial assistance (Section 620A of the Foreign Assistance Act, FAA, P.L. 87-195) and arms sales (Section 40 of the Arms Export Control Act, P.L. 95-92, as amended), and requires the United States to vote to oppose multilateral lending to the designated

countries (Section 327 of the Anti-Terrorism and Effective Death Penalty Act of 1996, P.L. 104-132). Waivers are provided under these laws, but successive foreign aid appropriations laws since the late 1980s ban direct assistance to Iran (loans, credits, insurance, Eximbank credits) without providing for a waiver.

- 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. No waiver is provided for.
- The Anti-Terrorism and Effective Death Penalty Act (Sections 325 and 326 of P.L. 104-132) requires the President to withhold U.S. foreign assistance to any country that provides to a terrorism list country foreign assistance or arms. Waivers are provided.

U.S. sanctions laws do 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), and another $350,000 worth of aid to the victims of a June 22, 2002, earthquake. (The World Bank provided some earthquake related lending as well.) The United States provided $5.7 million in assistance (out of total governmental pledges of about $32 million, of which $17 million have been remitted) to the victims of the December 2003 earthquake in Bam, Iran, which killed as many as 40,000 people and destroyed 90% of Bam's buildings. The United States military flew in 68,000 kilograms of supplies to Bam. In the Bam case, there was also a temporary exemption made in the regulations to allow for a general licensing (no need for a specific license) for donations to Iran of humanitarian goods by American citizens and organizations. Those exemptions were extended several times but expired in March 2004. When that expiration occurred, the policy reverted to a requirement for specific licensing (application to OFAC) and approval process for donations and operations in Iran of U.S.-based humanitarian NGO's.

Executive Order 13224

The separate, but related, Executive Order 13324 (September 23, 2001) authorizes the President to freeze the assets of and bar U.S. transactions with entities determined to be supporting international terrorism. This order, issued two weeks after the September 11 attacks, 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, was intended to primarily target Al Qaeda-related entities. However, it has increasingly been applied to Iranian entities. Such Iran-related entities named and sanctioned under this order are in **Table 5** at the end of this report. **Table 5** includes the names of Iranian entities sanctioned under other orders and under United Nations resolutions pertaining to Iran's nuclear program.

Proliferation-Related Sanctions

Iran is prevented from receiving advanced technology from the United States under relevant and Iran-specific anti-proliferation laws[35] and by Executive Order 13382 (June 28, 2005). Some of these laws and executive measures seek to penalize foreign firms and countries that provide equipment to Iran's WMD programs.

[35] Such laws include the Atomic Energy Act of 1954 and the Energy Policy Act of 2005 (P.L. 109-58).

Iran-Iraq Arms Nonproliferation Act

The Iran-Iraq Arms Nonproliferation Act (P.L. 102-484) imposes a number of sanctions on foreign entities that supply Iran with WMD technology or "destabilizing numbers and types of conventional weapons." 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 discretionary sanction of a ban on imports to the United States from that 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.

The Iran-Iraq Arms Nonproliferation Act (Section 1603) also provides for a "presumption of denial" for all dual use exports to Iran (which would include computer software). A waiver to permit such exports, on a case-by-case basis, is provided for.

Iran-Syria-North Korea Nonproliferation Act

The Iran Nonproliferation Act (P.L. 106-178), now called the Iran-Syria-North Korea Non-Proliferation Act) 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. It 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.[36] (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.)

Executive Order 13382

Executive Order 13382 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. The table at the end of this paper lists Iran-related entities sanctioned under the Order.

[36] 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.

Foreign Aid Restrictions for Suppliers of Iran

In addition, successive foreign aid appropriations punish the Russian Federation for assisting Iran by withholding 60% of any U.S. assistance to the Russian Federation unless it terminates technical assistance to Iran's nuclear and ballistic missiles programs.

Implementation

Both the George W. Bush Administration and the Obama Administration have imposed sanctions for violations of the executive orders and laws discussed above. Iranian entities designated under these laws and orders are listed in **Table 5**, including the Revolutionary Guard-affiliated firms and entities.

Despite these efforts, Iran has used loopholes and other devices, such as front companies, to elude U.S. and international sanctions. Some of these efforts focus on countries perceived as having lax enforcement of export control laws, such as UAE and Malaysia. In some cases, Iran has been able, according to some reports, to obtain sophisticated technology even from U.S. firms.[37] A further discussion of the effect of the U.S. and international sanctions on Iran's WMD programs is provided later.

U.S. Efforts to Promote Divestment

A growing trend not only in Congress but in several states is to require or call for or require divestment of shares of firms that have invested in Iran's energy sector (at the same levels considered sanctionable under the Iran Sanctions Act).[38] The concept of these sanctions is to express the view of Western and other democracies that Iran is an outcast internationally.

Legislation in the 110th Congress, H.R. 1400, did not require divestment, but would have required a presidential report on firms that have invested in Iran's energy sector. Another bill, H.R. 1357, required government pension funds to divest of shares in firms that have made ISA-sanctionable investments in Iran's energy sector and bar government and private pension funds from future investments in such firms. Two other bills, H.R. 2347 (passed by the House on July 31, 2007) and S. 1430, would protect mutual fund and other investment companies from shareholder action for any losses that would occur from divesting in firms that have investing in Iran's energy sector.

In the 111th Congress, H.R. 1327 (Iran Sanctions Enabling Act), a bill similar to H.R. 2347 of the 110th Congress, was reported by the Financial Services Committee on April 28, 2009. It passed the House on October 14, 2009, by a vote of 414-6. A similar bill. S. 1065, was introduced in the Senate. Provisions along these lines was contained in CISDADA (P.L. 111-195)—in particular providing a "safe harbor" for investment managers who sell shares of firms that invest in Iran's energy sector (as defined by ISA, as amended by CISADA).

[37] Warrick, Joby. "Iran Using Fronts to Get Bomb Parts From U.S." *Washington Post*, January 11, 2009; Institute for Science and International Security. "Iranian Entities' Illicit Military Procurement Networks." David Albright, Paul Brannan, and Andrea Scheel. January 12, 2009.

[38] For information on the steps taken by individual states, see National Conference of State Legislatures. State Divestment Legislation.

U.S. Sanctions and Other Efforts Intended to Support Iran's Opposition

A major trend in the 111th Congress, after the Iran election dispute, has been efforts to promote the prospects for the domestic opposition in Iran. Proposals to target the Revolutionary Guard for sanctions, discussed throughout, represent one facet of the trend toward measures that undermine the legitimacy of Iran's regime and express support for the growing domestic opposition in Iran. The Revolutionary Guard is involved in Iran's WMD programs but it is also the key instrument through which the regime is trying to suppress the pro-democracy protest. Several measures to support the opposition's ability to communicate, to reduce the regime's ability to monitor or censor Internet communications, and to identify and sanction Iranian human rights abusers were included in CISADA (P.L. 111-195).

Expanding Internet and Communications Freedoms

Some Members have focused 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 contains several provisions to increase U.S. broadcasting to Iran and to identify (in a report to be submitted 180 days after enactment, or April 25, 2009) companies that are selling Iran technology equipment that it can use to suppress or monitor the internet usage of Iranians. The VOICE Act also authorizes funds to document Iranian human rights abuses since the June 12, 2009, presidential election. Another provision of P.L. 111-84 (Section 1241) required an Administration report, not later than January 31, 2010, on U.S. enforcement of sanctions against Iran, and the effect of those sanctions on Iran.

S. 1475 and H.R. 3284, the "Reduce Iranian Cyber-Suppression Act," would authorize the President to ban U.S. government contracts with foreign companies that sell technology that Iran could use to monitor or control Iranian usage of the internet. This provision, and another which exempts from the U.S. export ban on Iran equipment to help Iranians communicate and use the Internet, was incorporated into CISADA (P.L. 111-195). The provisions were directed, in part, against firms, including a joint venture between Nokia (Finland) and Siemens (Germany), reportedly sold Internet monitoring and censorship technology to Iran in 2008.[39] Perhaps to avoid further embarrassment, Siemens announced on January 27, 2010, that it would stop signing new business deals in Iran as of mid-2010.[40] Some question whether such a sanction might reduce allied cooperation with the United States if allied companies are so sanctioned.

Also in line with this trend, on March 8, 2010, OFAC amended the Iran Transactions Regulations that implement the U.S.-Iran trade ban to provide for a general license for providing to Iranians free mass market software in order to facilitate internet communications. The ruling appears to incorporate the major features of a legislative proposal, H.R. 4301, the "Iran Digital Empowerment Act." The OFAC determination required a waiver of the provision of the Iran-Iraq Arms Nonproliferation Act (Section 1606 waiver provision) discussed above.

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

[40] End, Aurelia. "Siemens Quits Iran Amid Mounting Diplomatic Tensions." Agence France Press, January 27, 2010.

Measures to Sanction Human Rights Abuses and Promote the Opposition

Another part of this theme of attempting to help Iran's opposition has been legislation to sanction regime officials involved in suppressing the domestic opposition in Iran. Senator John McCain proposed to offer amendments to S. 2799 (the Senate version of what became H.R. 2194) to focus on banning travel and freezing assets of those Iranians determined to be human rights abusers. These provisions were included in the conference report on CISADA (H.R. 2194, P.L. 111-195). The provisions were similar to those of Senator McCain's earlier stand alone bill, S. 3022, the "Iran Human Rights Sanctions Act." Companion measures in the House were H.R. 4647 and H.R. 4649, which differed only slightly with each other.

Another bill, introduced by Senator Cornyn and Senator Brownback, (S. 3008) the "Iran Democratic Transition Act," calls for a forthright declaration that it is the policy of the United States to support efforts by the Iranian people to remove the regime from power. It calls for the use of U.S. broadcasting and humanitarian funds to help democratic organizations in Iran.

Blocked Iranian Property and Assets

Iranian leaders continue to assert that the United States is holding Iranian assets, and that this is an impediment to improved relations. 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. Major cases yet to be decided center on hundreds of Foreign Military Sales (FMS) cases between the United States and the Shah's regime, which Iran claims it paid for but were unfulfilled. About $400 million in proceeds from the resale of that equipment was placed in a DOD FMS account, and about $22 million in Iranian diplomatic property remains blocked, although U.S. funds have been disbursed—credited against the DOD FMS account—to pay judgments against Iran for past acts of terrorism against Americans. Other 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, in accordance with an ICJ judgment, paid Iran $61.8 million in compensation ($300,000 per wage earning victim, $150,000 per non-wage earner) for the 248 Iranians killed. The United States has not compensated Iran for the airplane itself. As it has in past similar cases, the Bush Administration opposed a terrorism lawsuit against Iran by victims of the U.S. Embassy Tehran seizure on the grounds of diplomatic obligation.[41]

Comparative Analysis: Relationships of U.S. to International and Multilateral Sanctions

The U.S. sanctions discussed in this report are more comprehensive than those imposed, to date, by the United Nations Security Council or by individual foreign countries or groups of countries, such as the European Union. However, there is increasing convergence among all these varying sets of sanctions.

[41] See CRS Report RL31258, *Suits Against Terrorist States by Victims of Terrorism*, by Jennifer K. Elsea.

U.N. 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. While pressing for sanctions, the multilateral group negotiation with Iran ("P5+1:" the Security Council permanent members, plus Germany) at the same time offered Iran incentives to suspend uranium enrichment; the last meeting between Iran and the P5+1 to discuss these issues was in July 2008. The negotiations made little progress, and then entered a hiatus for the U.S. presidential election, the establishment of the Obama Administration, and then the Iranian presidential election. However, after many months of negotiations, Resolution 1929 was adopted on June 9, 2010, by a vote of 12-2 (Turkey and Brazil), with one abstention (Lebanon). (Iranian entities and persons sanctioned by the United Nations are included in **Table 5**.)

The main points of Resolution 1929 are: [42]

- It targets several additional firms affiliated with the Revolutionary Guard firms for asset freezes.
- It makes mandatory a ban on travel for Iranian persons named in it and in previous resolutions—including those Iranians for whom there was a non-binding travel ban in previous resolutions.
- It gives countries the authorization to inspect any shipments—and to dispose of its cargo—if the shipments are suspected to carry contraband items. However, inspections on the high seas are subject to concurrence by the country that owns that ship. This provision is modeled after a similar provision imposed on North Korea, which did cause that country to reverse some of its shipments.
- It prohibits countries from allowing Iran to invest in uranium mining and related nuclear technologies, or nuclear-capable ballistic missile technology.
- It bans sales to Iran of most categories of heavy arms to Iran and requests restraint in sales of light arms, but does not bar sales of missiles not on the "U.N. Registry of Conventional Arms."
- It requires countries to insist that their companies refrain from doing business with Iran *if* there is reason to believe that such business could further Iran's WMD programs.
- It requests, but does not mandate, that countries prohibit Iranian banks to open in their countries, or for their banks to open in Iran, *if* doing so could contribute to Iran's WMD activities.
- The resolution sets up a "panel of experts," which the Obama Administration says will be chaired by longtime arms control official Robert Einhorn, to assess the effect of the resolution and previous Iran resolutions, and suggest ways of more effective implementation.

[42] Text of the resolution is at http://www.isis-online.org/uploads/isis-reports/documents/Draft_resolution_on_Iran_annexes.pdf.

- The resolution did not make mandatory some measures discussed in press reports on the negotiations, including barring any foreign investment in Iranian bond offerings; banning insurance for transport contracts for shipments involving Iran; banning international investment in Iran's energy sector; banning the provision of trade credits to Iran, or banning all financial dealings with Iranian banks.

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

Require Iran to suspend uranium enrichment, and to refrain from any development of ballistic missiles that are nuclear capable (1929)
Prohibit transfer to Iran of nuclear, missile, and dual use items to Iran, except for use in light-water reactors
Prohibit Iran from exporting arms or WMD-useful technology
Prohibit Iran from investing abroad in uranium mining, related nuclear technologies or nuclear capable ballistic missile technology
Freeze the assets of over 80 named Iranian persons and entities, including Bank Sepah, and several corporate affiliates of the Revolutionary Guard.
Require that countries ban the travel of over 40 named Iranians
Mandates that countries not export major combat systems to Iran
Calls for "vigilance" (a non-binding call to cut off business) with respect to all Iranian banks, particularly Bank Melli and Bank Saderat.
Calls for vigilance (voluntary restraint) with respect to providing international lending to Iran and providing trade credits and other financing and financial interactions.
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.
A Sanctions Committee, composed of the fifteen 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 make recommendations for improved enforcement.

Source: Text of U.N. Security Council resolutions 1737, 1747, 1803, and 1929. http://www.un.org. More information on specific provisions of each of these resolutions is in CRS Report. CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

Other Foreign Country Sanctions

U.S. allies have supported the Obama Administration approach toward Iran, in part because the approach is perceived as not purely punitive, and in part because concerns about Iran's nuclear advancement have increased. U.S. and European/allied approaches have been converging since 2002, when the nuclear issue came to the fore, but there appears to be an unprecedented degree of global consensus emerging on how to deal with Iran. On June 17, 2010, the EU ended a foreign ministerial meeting that resulted in a declaration, subject to technical subsequent expert talks and ministerial affirmation, to implement many of the authorities of Resolution 1929. The measures to be undertaken are to include an EU ban on new investment in Iran's energy sector, particular its ability to refine oil into gasoline.[43]

[43] Fidler, Stephen. "EU Shapes Expanded Sanctions Against Iran." *Wall Street Journal*, June 16, 2010.

In its July 27, 2010 announced sanctions measures, the product of consensus among the EU states, the EU countries are imposing sanctions on Iran that exceed those mandated in Security Council resolutions. A comparison between U.S., U.N., and EU sanctions against Iran is contained in the chart below, although noting that there are differing legal bases and authorities for these sanctions. For example, a U.S. President cannot mandate a foreign company take any particular action; however, the U.S. government can penalize or reward foreign firms who take action that supports U.S. objectives. U.N. Security Council resolutions are considered binding on U.N. Member states.

Concurrent with the EU announcement of major sanctions on July 27, Canada and Australia announced sanctions on Iran's energy and financial sector similar to those of the EU. On July 29, 2010, Robert Einhorn, the State Department official designated to focus on Iran sanctions, testified (House Oversight and Government Reform Committee) that U.S. officials would soon visit several countries to try to persuade them to align their policies with those of the United States and the EU. Countries to be visited include China, which is to be a particular focus because of its energy relations with Iran, UAE, Japan, South Korea, Lebanon, Bahrain, Brazil, and Ecuador.

The emerging consensus on Iran sanctions differs from early periods when there was far more disagreement. Reflecting the traditional European preference for providing incentives rather than enacting economic punishments, during 2002-2005, there were active negotiations between the European Union and Iran on a "Trade and Cooperation Agreement" (TCA). Such an agreement would have lowered the tariffs or increased quotas for Iranian exports to the EU countries.[44] However, negotiations were discontinued after the election of Ahmadinejad in June 2005, at which time Iran's position on its nuclear program hardened. Similarly, there is insufficient international support to grant Iran membership in the World Trade Organization (WTO) until there is progress on the nuclear issue. Iran first attempted to apply to join the WTO in July 1996. On 22 occasions after that, representatives of the Clinton and then the George W. Bush Administration blocked Iran from applying (applications must be by consensus of the 148 members). As discussed above, as part of an effort to assist the EU-3 nuclear talks with Iran, at a WTO meeting in May 2005, no opposition to Iran's application was registered, and Iran formally began accession talks.

Earlier, during the 1990s, EU countries maintained a policy of "critical dialogue" with Iran, and the EU and Japan refused to join the 1995 U.S. trade and investment ban on Iran. The European dialogue with Iran was suspended in April 1997 in response to the German terrorism trial ("Mykonos trial") that found high-level Iranian involvement in killing Iranian dissidents in Germany, but resumed in May 1998 during Khatemi's presidency. In the 1990s, European and Japanese creditors—over U.S. objections—rescheduled about $16 billion in Iranian debt. These countries (governments and private creditors) rescheduled the 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.

[44] 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.

World Bank Loans

The July 28, 2010 EU measures appear to narrow substantially the prior differences between the EU and the United States over international lending to Iran. As noted above, 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. 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. Points of Comparison Between U.S., U.N., and EU Sanctions Against Iran

U.S. Sanctions	U.N. Sanctions	EU Sanctions (including those imposed July 27, 2010)
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 abides by all U.N. sanctions on Iran, but new package of Iran sanctions announced July 27, 2010 more closely aligns EU sanctions with those of the U.S. than ever before.
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, but no trade financing or financing guarantees are permitted.	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, although the July 27, 2010 sanctions ban sales of energy related equipment and services. EU measures of July 27, 2010 also ban "medium and long term" trade financing and financing guarantees. Short term financing is permitted, but there is a call for EU states to "exercise restraint" on that.
Sanctions on Foreign Firms that Do Business With Iran's Energy Sector. The Iran Sanctions Act, P.L. 104-172 (as amended most recently by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, P.L. 111-195) mandates specified sanctions on foreign firms that invest threshold amounts in Iran's Energy Sector or that sell certain threshold amounts of refined petroleum or refinery related equipment or services to Iran.	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.	July 27, 2010 EU sanctions prohibit EU companies from financing energy sector projects in Iran (a de-facto ban on energy sector investment) and ban sales to Iran of equipment or services for its energy sector, including projects outside Iran. No ban on buying oil or gas from Iran or selling gasoline to Iran.

U.S. Sanctions	U.N. Sanctions	EU Sanctions (including those imposed July 27, 2010)
Ban on Foreign Assistance U.S. foreign assistance to Iran – other than purely humanitarian aid – is banned under Section 620A of the Foreign Assistance Act . That section bans U.S. assistance to countries on the U.S. list of "state sponsors of terrorism." Iran has been on this "terrorism list" since January 1984. Iran is also routinely denied direct U.S. foreign aid under the annual foreign operations appropriations acts (most recently in Section 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.
Ban on Arms Exports to Iran Because Iran is on the "terrorism list," it is ineligible for U.S. arms exports pursuant to Section 40 of the Arms Export Control Act (AECA, P.L. 95-92). The International Trafficking in Arms Regulations (ITAR, 22 CFR Part 126.1) also cite the President's authority to control arms exports, and to comply with U.N. Security Council Resolutions as a justification to ban arms exports and imports.	Resolution 1929 (operative 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.
Restriction on Exports to Iran of "Dual Use Items" Primarily under Section 6(j) of the Export Administration Act (P.L. 96-72) and Section 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.
Sanctions Against International Lending to Iran Under Section 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.

U.S. Sanctions	U.N. Sanctions	EU Sanctions (including those imposed July 27, 2010)
Sanctions Against Foreign Firms that Sell Weapons of Mass Destruction-Related Technology to Iran Several laws and regulations, including the Iran-Syria North Korea Nonproliferation Act (P.L. 106-178), the Iran-Iraq Arms Nonproliferation Act (P.L. 104-484) and Executive Order 13382 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.
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 The U.N. Resolutions against Iran are intended primarily to slow or halt Iran's nuclear and other WMD programs. However, 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 Hizbollah, Hamas, Shiite militias in Iraq, and insurgents in Afghanistan.	No direct equivalent, but EU measures taken July 27, 2010 include some IRGC Qods Force and related persons and entities as subject to a freeze on EU-based assets.
Travel Ban on Named Iranians The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (P.L. 111-195) 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.	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.
Restrictions on Iranian Shipping Under Executive Order 13382, the U.S. Treasury Dept. 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 re-insurance for Iranian firms is banned.

U.S. Sanctions	U.N. Sanctions	EU Sanctions (including those imposed July 27, 2010)
Banking Sanctions A number or provisions and policies have been employed to persuade foreign banks to end their relationships with Iranian banks. Several Iranian banks have been named as proliferation or terrorism supporting entities under Executive Orders 13382 and 13224, respectively. P.L. 111-195 contains a provision that 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.	No direct equivalent However, two Iranian banks are named as sanctioned entities under the U.N. Security Council resolutions.	The EU announcement on July 27, 2010 prohibit the opening in EU countries of any new branches or offices of Iranian banks. The measures also prohibit EU banks from offices or accounts in Iran. In addition, the transfer of funds exceeding 40,000 Euros (about $50,000) between and Iranian bank and an EU bank require prior authorization by EU bank regulators.
No direct equivalent, although, as discussed above, U.S. proliferations laws provide for sanctions against foreign entities that help Iran with its nuclear and ballistic missile programs.	Resolution 1929 (oper. 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. Operative Paragraph 9 of Resolution 1929 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.

Overall Effect of U.S., U.N., and Other Country Sanctions

The effectiveness of U.S. and international sanctions on Iran, by most accounts, is a matter of substantial debate. There are a multiplicity of factors that affect Iran's decisionmaking and its economy, and it is very difficult to isolate the contribution of sanctions to any developments in or decisions by Iran.

Effect on Nuclear Development

A growing number of experts feel that the cumulative effect of U.S., U.N., and other sanctions is at least beginning to harm Iran's economy, or have that potential. This is evident not only from anecdotal and measurable indicators, but also from some statements from Iranian officials. However, with respect to the core strategic objective of the sanctions, there is a consensus that U.S. and U.N. sanctions have not, to date, caused a demonstrable shift in Iran's commitment to its nuclear program. In July 2010, following the enactment of U.N. Security Council Resolution, CISADA, and the EU sanctions, Iran told the EU foreign policy director Catherine Ashton that it would meet with her in September 2010 and would ask the International Atomic Energy Agency

(IAEA) for the start of technical talks on a nuclear compromise. It is uncertain whether it was the imposition of the three sets of sanctions (U.S., U.N. and EU) that prompted Iran to seek new talks, or whether Iran will be more willing to compromise than it has been to date.

A related issue is whether the cumulative sanctions have, in and of themselves, added bottlenecks to Iran's nuclear efforts. Firm evidence is difficult to produce; however, the head of Iran's civilian atomic energy agency said in July 2010 that international sanctions might "slow" Iran's nuclear program. Other Iranian officials minimized any likely effects.

Effect on the Energy Sector

As noted throughout, the U.S. objective has been to target sanctions against Iran's energy sector, hoping thereby to pressure Iranian leaders and possibly to deny Iran resources to develop WMD. There are clear indications that the sanctions—coupled with the overall sense that Iran is isolated from the international community—have caused major energy firms to reduce or end their involvement in the Iran energy sector. Several major European firms—Repsol, Royal Dutch Shell, Total, and ENI—have either announced pullouts from some of their Iran projects, declined to make further investments, or resold their investments to other companies. On July 12, 2008, Total and Petronas, the original South Pars investors, pulled out of a deal to develop a liquefied natural gas (LNG) export capability at Phase 11 of South Pars, saying that investing in Iran at a time of growing international pressure over its nuclear program is "too risky." Also in 2008, Japan significantly reduced its participation in the development of Iran's large Azadegan field. Some of the void has been filled, at least partly, by Asian firms such as those of China, Malaysia, and Vietnam. However, these companies are perceived as not being as technically capable as those that have withdrawn from Iran. Press reports say that activity to develop the large South Pars gas field is far less than would be expected. In July 2010, after the enactment of Resolution 1929 and CISADA, the Revolutionary Guard's main construction affiliate, Khatem ol-Anbiya, announced it had withdrawn from developing Phases 15 and 16 of South Pars—a project worth $2 billion.[45] Khatem ol-Anbiya took over that project in 2006 when Norway's Kvaerner pulled out of it. It is likely that the Guard perceived its involvement as likely to scare away foreign participation in the work because U.S. and U.N. sanctions are targeting the Revolutionary Guard and its corporate affiliates. It is it highly unlikely that Iran will attract the $145 billion in new investment over the next 10 years that Iran's deputy Oil Minister said in November 2008 that Iran needs.

Possibly as a result of the hesitancy of the most capable firms to stay in the Iranian market, Iran's oil production has fallen slightly to about 3.8 million barrels per day (mbd) from about 4.1 million barrels per day (mbd) in the mid-2000s. With Iran's oil production appearing to slip gradually, some analyses, including by the National Academy of Sciences, say that Iran might have negligible exports of oil by 2015.[46] Others maintain that Iran's gas sector can more than compensate for declining oil exports, although it needs gas to reinject into its oil fields and remains a relatively minor gas exporter. It exports about 3.6 trillion cubic feet of gas, primarily to Turkey. Some Members of Congress believe that ISA would have been even more effective if

[45] "Iran Revolutionary Guards Pull Out of Gas Deal Over Sanctions." *Platts*, July 19, 2010.

[46] Stern, Roger. "The Iranian Petroleum Crisis and United States National Security," *Proceedings of the National Academy of Sciences of the United States of America*. December 26, 2006.

successive administrations had imposed sanctions, and have expressed frustration that the executive branch has not imposed ISA sanctions.

Gasoline Availability and Importation

There are indications that U.S. and international sanctions are affecting Iran's supplies of gasoline. Earlier in this paper was discussion of Iran's gasoline suppliers, including the announcements by most of the major gasoline suppliers and insurers that they had ended supplying or ensuring shipments to Iran. On July 26, Reuters reported[47] that Iran had received only three major cargoes of gasoline for July, when a normal July would see Iran receive about 11-13 such shipments. That same day, Iran's deputy Oil Minister said Iran would try to invest $46 billion to upgrade its nine refineries and build seven new ones, a far larger amount than Iran had previously allocated to oil refining capacity. Two days later, Iran announced it would try to quickly increase domestic gasoline supplies by converting two petrochemical plants to gasoline production, through a generally inferior process that initially produces benzene.

There have not been, to date, systematic reports of gasoline shortages or widespread gasoline rationing. This could suggest that Iran is had anticipated difficulty importing gasoline and has stockpiled the commodity. Some expect Iran will cut subsidies, thus allowing the price to rise, or it may begin systematic rationing, at the same time it searches for alternative supplies. Building new refining capacity appears to be Iran's long term effort to reduce this vulnerability.

Effect on Broader Foreign Business Involvement and Business Climate

It is highly difficult to gauge the cumulative effect of sanctions on Iran's broader economy, because Iran's economic performance is a product of numerous factors. What appears to be clear is that numerous major international firms have become are unwilling to risk their position in the U.S. market to do business with an increasingly isolated Iran. Many experts believe that, over time, the efficiency of Iran's economy will decline as foreign expertise departs and Iran invites in or makes purchases from less capable foreign companies. Numerous reports indicate that Iran's large merchants are having trouble obtaining trade financing, which is driving up their costs. This trend could have contributed to the July 2010 two week strike by major Tehran bazaar merchants, a stoppage that spread to other cities. The strike was ostensibly in protest of a government attempt to increase taxation on the merchants by 70%, but it is likely that the broader adverse business climate contributed to the bazaar stoppages.

Some examples of major firms leaving Iran can be noted. As discussed above, Siemens of Germany was active in the Iran telecommunications infrastructure market, but announced in February 2010 that it would cease pursuing business in Iran. 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.[48]

[47] See http://www.reuters.com/article/idUSTRE66P2X620100726.

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

Among foreign subsidiaries of U.S. firms: in March 2010, Ingersoll Rand, maker of air compressors and cooling systems, said it would no longer allow its subsidiaries to do business in Iran.[49] 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.[50]

Table 5. Entities Sanctioned Under U.N. Resolutions and U.S. Laws and Executive Orders

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

Entities Named for Sanctions 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)

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

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

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 non-binding 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 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 are 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 are entities owned or controlled by Islamic Republic of Iran Shipping Lines (IRISL):

Irano Hind Shipping Company

IRISL Benelux

South Shipping Line Iran

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

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)	January 2006
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)	July 2006
Ya Mahdi Industries Group (Iran)	July 2006
Bank Sepah (Iran)	January 2007
Defense Industries Organization (Iran)	March 2007
Pars Trash (Iran, nuclear program)	June 2007
Farayand Technique (Iran, nuclear program)	June 2007
Fajr Industries Group (Iran, missile program)	June 2007
Mizan Machine Manufacturing Group (Iran, missile prog.)	June 2007
Aerospace Industries Organization (AIO) (Iran)	September 2007
Korea Mining and Development Corp. (N. Korea)	September 2007
Islamic Revolutionary Guard Corps (IRGC)	October 21, 2007
Ministry of Defense and Armed Forces Logistics	October 21, 2007
Bank Melli (Iran's largest bank, widely used by Guard); Bank Melli Iran Zao (Moscow); Melli Bank PC (U.K.)	October 21, 2007
Bank Kargoshaee	October 21, 2007
Arian Bank (joint venture between Melli and Bank Saderat). Based in Afghanistan	October 21, 2007
Bank Mellat (provides banking services to Iran's nuclear sector); Mellat Bank SB CJSC (Armenia). Reportedly has $1.4 billion in assets in UAE	October 21, 2007
Persia International Bank PLC (U.K.)	October 21, 2007
Khatam ol Anbiya Gharargah Sazendegi Nooh (main IRGC construction and contracting arm, with $7 billion in oil, gas deals)	October 21, 2007
Oriental Oil Kish (Iranian oil exploration firm)	October 21, 2007
Ghorb Karbala; Ghorb Nooh (synonymous with Khatam ol Anbiya)	October 21, 2007
Sepasad Engineering Company (Guard construction affiliate)	October 21, 2007

Omran Sahel (Guard construction affiliate)	October 21, 2007
Sahel Consultant Engineering (Guard construction affiliate)	October 21, 2007
Hara Company	October 21, 2007
Gharargahe Sazandegi Ghaem	October 21, 2007
Bahmanyar Morteza Bahmanyar (AIO, Iran missile official, see above under Resolution 1737)	October 21, 2007
Ahmad Vahid Dastjerdi (AIO head, Iran missile program)	October 21, 2007
Reza Gholi Esmaeli (AIO, see under Resolution 1737)	October 21, 2007
Morteza Reza'i (deputy commander, IRGC) See also Resolution 1747	October 21, 2007
Mohammad Hejazi (Basij commander). Also, Resolution 1747	October 21, 2007
Ali Akbar Ahmadian (Chief of IRGC Joint Staff). Resolution 1747	October 21, 2007
Hosein Salimi (IRGC Air Force commander). Resolution 1737	October 21, 2007
Qasem Soleimani (Qods Force commander). Resolution 1747	October 21, 2007
Future Bank (Bahrain-based but allegedly controlled by Bank Melli)	March 12, 2008
Yahya Rahim Safavi (former IRGC Commander in Chief	July 8, 2008
Mohsen Fakrizadeh-Mahabadi (senior Defense Ministry scientist)	July 8, 2008
Dawood Agha-Jani (head of Natanz enrichment site)	July 8, 2008
Mohsen Hojati (head of Fajr Industries, involved in missile program)	July 8, 2008
Mehrdada Akhlaghi Ketabachi (heads Shahid Bakeri Industrial Group)	July 8, 2008
Naser Maliki (heads Shahid Hemmat Industrial Group)	July 8, 2008
Tamas Company (involved in uranium enrichment)	July 8, 2008
Shahid Sattari Industries (makes equipment for Shahid Bakeri)	July 8, 2008
7th of Tir (involved in developing centrifuge technology)	July 8, 2008
Ammunition and Metallurgy Industries Group (partner of 7th of Tir)	July 8, 2008
Parchin Chemical Industries (deals in chemicals used in ballistic missile programs)	July 8, 2008
Karaj Nuclear Research Center	August 12, 2008
Esfahan Nuclear Fuel Research and Production Center (NFRPC)	August 12, 2008
Jabber Ibn Hayyan (reports to Atomic Energy Org. of Iran, AEIO)	August 12, 2008
Safety Equipment Procurement Company	August 12, 2008
Joza Industrial Company (front company for Shahid Hemmat Industrial Group, SHIG)	August 12, 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 10, 2008
Firms affiliated to the Ministry of Defense, including Armament Industries Group; Farasakht Industries; Iran Aircraft Manufacturing Industrial Co.; Iran Communications Industries; Iran Electronics Industries; and Shiraz Electronics Industries	September 17, 2008

Export Development Bank of Iran. Provides financial services to Iran's Ministry of Defense and Armed Forces Logistics	October 22, 2008
Assa Corporation (alleged front for Bank Melli involved in managing property in New York City on behalf of Iran)	December 17, 2008
11 Entities Tied to Bank Melli: 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	March 3, 2009
IRGC General Rostam Qasemi, head of Khatem ol-Anbiya Construction Headquarters (key corporate arm of the IRGC)	February 10, 2010 (see also October 21, 2007)
Fater Engineering Institute (linked to Khatem ol-Anbiya)	February 10, 2010
Imensazen Consultant Engineers Institute (linked to Khatem ol-Anbiya)	February 10, 2010
Makin Institute (linked to Khatem ol-Anbiya)	February 10, 2010
Rahab Institute (linked to Khatem on-Anbiya)	February 10, 2010

Entities Sanctioned on June 16, 2010 under E.O. 13382:

- 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.

Entities Sanctioned Under Executive Order 13224 (Terrorism Entities)

Qods Force	October 21, 2007
Bank Saderat (allegedly used to funnel Iranian money to Hezbollah, Hamas, PIJ, and other Iranian supported terrorist groups)	October 21, 2007
Al Qaeda Operatives in Iran: Saad bin Laden; Mustafa Hamid; Muhammad Rab'a al-Bahtiyti; Alis Saleh Husain	January 16, 2009
Qods Force senior officers: Hushang Allahdad, Hossein Musavi,Hasan Mortezavi, and Mohammad Reza Zahedi	August 3, 2010
Iranian Committee for the Reconstruction of Lebanon, and its director Hesam Khoshnevis, for supporting Lebanese Hizballah	August 3, 2010
Imam Khomeini Relief Committee Lebanon branch, and its director Ali Zuraik, for providing support to Hizballah	August 3, 2010
Razi Musavi, a Syrian based Iranian official allegedly providing support to Hizballah	

Entities Sanctioned Under the Iran North Korea Syria Non-Proliferation Act and other U.S. Proliferation Laws (Executive Order 12938)

Baltic State Technical University and Glavkosmos, both of Russia	July 30, 1998 (E.O. 12938). Both removed in 2010 – Baltic on Jan. 29, 2010 and Glavkosmos on March 4, 2010
D. Mendeleyev University of Chemical Technology of Russia and Moscow Aviation Institute	January 8, 1999 (E.O. 12938). Both removed on May 21, 2010
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.	September 17, 2003 (also designated under Executive Order 12938), 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);	October 23, 2008. Rosoboronexport removed May 21, 2010.

Entities Designated as Threats to Iraqi Stability under Executive Order 13438

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	January 9, 2008
Abu Mustafa al-Sheibani. Iran based leader of network that funnels Iranian arms to Shiite militias in Iraq.	January 9, 2008
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	January 9, 2008
Mishan al-Jabburi. Financier of Sunni insurgents, owner of pro-insurgent Al-Zawra television, now banned	January 9, 2008
Al Zawra Television Station	January 9, 2008
Khata'ib Hezbollah (pro-Iranian Mahdi splinter group)	July 2, 2009
Abu Mahdi al-Muhandis	July 2, 2009

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