Iran Sanctions

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Summary

The principal objective of international sanctions—to compel Iran to verifiably confine its nuclear program to purely peaceful uses—has not produced that outcome to date. Since late 2011, a broad international coalition has imposed progressively strict economic sanctions on Iran's oil export lifeline, producing increasingly severe effects on Iran's economy. Many judge that Iran might soon decide it needs a nuclear compromise to produce an easing of sanctions, because the energy sector provides about 70% of Iran's government revenues. Iran's worsening economic situation is caused by:

- A European Union embargo on purchases of Iranian crude oil that took full effect on July 1, 2012. Previously, EU countries were buying about 20% of Iran's oil exports. This embargo is coupled with decisions by several other Iranian oil customers to substantially reduce purchases of Iranian oil in order to comply with a provision of the FY2012 National Defense Authorization Act (P.L. 112-81).
- Together, these sanctions have reduced Iranian oil exports to about 1.4 million barrels per day as of late August 2012, down from an average of 2.5 million barrels per day for all of 2011. This loss of sales has caused Iran to reduce oil production, to the point where it is producing less oil than is Iraq. Iran is widely assessed as unable to indefinitely sustain this level of lost oil sales, although it does have a large foreign currency reserve fund that can, at least temporarily, mitigate the impact of the lost oil revenue. Other oil producers, particularly Saudi Arabia, are selling additional oil to countries cutting Iranian oil buys, thus far preventing the lost Iranian sales from raising world oil prices.

The signs of economic pressure on Iran are multiplying and are increasingly acknowledged publicly by Iran's leaders. The value of Iran's rial has halved since September 2011. Iran is virtually cut off from the international banking system and is increasingly forced to trade through barter arrangements rather than hard currency exchange. Inflation has soared, many major international firms have left the Iran market, and Iranian firms are laying off workers.

Department of Defense and other assessments indicate that sanctions have not stopped Iran from building up its conventional military and missile capabilities, in large part with indigenous skills. However, sanctions may be slowing Iran's nuclear program somewhat by preventing Iran from obtaining some needed technology from foreign sources. Iran is also judged not complying with U.N. requirements that it halt any weapons shipments outside its borders, particularly with regard to purported Iranian weapons shipments to help the embattled Asad government in Syria.

Despite the imposition of what many now consider to be "crippling" sanctions, some in Congress believe that economic pressure on Iran needs to increase further and faster. In the 112th Congress, a House-Senate compromise version of an extensive Iran sanctions bill, H.R. 1905 ("Iran Threat Reduction and Syria Human Rights Act of 2012"), was passed by both chambers on August 1, 2012 and signed on August 10 (P.L. 112-158). The bill makes sanctionable numerous additional forms of foreign energy dealings with Iran, including shipments of crude oil, and enhances human rights-related provisions of previous Iran sanctions laws. 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 and Objectives

U.N. and worldwide bilateral sanctions on Iran are a relatively recent (post-2006) development. U.S. sanctions, on the other hand, have been a major feature of U.S. Iran policy since Iran's 1979 Islamic revolution. Many of the U.S. sanctions overlap each other as well as the U.N. sanctions now in place, and national measures undertaken by European and some Asian countries. Some U.S. sanctions, particularly the 1996 Iran Sanctions Act (ISA), 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 U.S. sanctions do not hamper cooperation with key international partners whose support is needed to isolate Iran.

The objectives of U.S. sanctions have evolved over time. In the mid-1980s, U.S. sanctions were intended to try to compel Iran to cease supporting acts of terrorism and to limit Iran's strategic power in the Middle East more generally. Since the mid-1990s, U.S. sanctions have focused increasingly on persuading or compelling Iran to limit the scope of its nuclear program to purposes that can only be civilian. As Iran's nuclear program has been increasingly identified as a threat to stability in the Middle East and global energy supplies, the international community has set requirements to limit Iran's nuclear program, and other countries have joined U.S. sanctions to try to force Iran to comply with those requirements.

This paper analyzes U.S. and international sanctions against Iran and, in so doing, provides examples, based on a wide range of open source reporting, of companies and countries that conduct business with Iran. CRS has no way to independently corroborate any of the reporting on which these examples are based and no mandate to assess whether any entity is complying with U.S. or international sanctions against Iran.

Energy Sector Sanctions: The Iran Sanctions Act (ISA), CISADA, Central Bank Sanctions, H.R. 1905, and Other Measures

Since 1996, Congress and successive Administrations have put in place steps to try to force foreign energy firms to choose between participating in the U.S. market, or continuing to operate in or conduct various energy-related transactions with Iran.

The Iran Sanctions Act (and Amendments)

The Iran Sanctions Act (ISA) is the core of those U.S. sanctions intended to force foreign firms out of the Iran market. It took advantage of the opportunity for the United States to try to harm Iran's energy sector when Iran, in November 1995, 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 gradually recoup their investments as oil and gas is discovered and then produced. 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).

ISA has attracted substantial attention because it is an "extra-territorial sanction"—it authorizes U.S. penalties against foreign firms, many of which are incorporated in countries that are U.S. allies. When it was first enacted in 1996, 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 separately restricted from trading with or investing in Iran under separate U.S. executive orders, as discussed below. Its application has been further expanded by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2012 (CISADA, P.L. 111-195 enacted July 1, 2010), Executive Order 13590 of November 21, 2011, Executive Order 13622 of July 30, 2012 and the Iran Threat Reduction and Syria Human Rights Act of 2012 (H.R. 1905, P.L. 112-158, signed August 10, 2012).

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 (which is about $870 billion), 80% of its exports, and 60%-70% of its government revenue. Iran's oil sector is as old as the petroleum industry itself (early 20th century), 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. With the exception of relatively small swap and barter arrangements with neighboring countries, virtually all of Iran's oil exports flow through the Strait of Hormuz, which carries about one-third of all internationally traded oil exported by Iran and other countries on the Persian Gulf.

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 act against one of its firms.

Original Trigger: "Investment" in Iran's Energy Sector

ISA primarily targets foreign firms, because American firms are already prohibited from investing in Iran under the 1995 trade and investment ban discussed below. The original version of ISA requires the President to sanction companies (entities, persons) that make an "investment"[1] of

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

more than \$20 million[2] in one year in Iran's energy sector.[3] The definition of "investment" in ISA (§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.

CISADA did not alter this trigger but it did amend the definition of investment to explicitly include pipelines to or through Iran and contracts to lead the construction, upgrading, or expansions of energy projects.

Trigger Added: Sales of Weapons of Mass Destruction and Advanced Conventional Weapons-Related Technology.

The Iran Freedom Support Act (P.L. 109-293) amended ISA to add a trigger: that sanctions should be imposed on entities that sell to Iran weapons of mass destruction (WMD) technology or "destabilizing numbers and types" of advanced conventional weapons.

Trigger Added by CISADA: Sales of Gasoline and Related Equipment and Services

ISA, when first enacted, did not address Iran's gasoline dependency because that version did not make sanctionable sales to Iran of gasoline or of equipment with which Iran can itself build or expand its refineries.[4] And, it did not clearly make sanctionable Iranian investments in oil refineries abroad, such as Iranian investment to help build oil refineries in Asia or elsewhere. In 2010, many in Congress argued that ISA should be applied to gasoline sales to Iran because Iran is dependent on gasoline imports to meet about 40% of its gasoline needs and there were a limited group of major gasoline suppliers to Iran. Others believed that sanction would not be effective because the Iranian government could circumvent its effects through rationing, reducing gasoline subsidies, or increasing gasoline production.

An effort to sanction gasoline sales—H.R. 2880—failed in the 110th Congress. In the 111th Congress, a few initiatives to sanction sales of gasoline to Iran were adopted prior to CISADA. The FY2010 Energy and Water Appropriation (P.L. 111-85, October 28, 2009) prohibit the use of U.S. funds to fill the Strategic Petroleum Reserve with products from firms that sell over \$1 million worth of gasoline to Iran. The FY2010 consolidated appropriation (P.L. 111-117) denied Ex-Im Bank 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. These

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2 Under §4(d) of the original act, for Iran, the threshold dropped to \$20 million, from \$40 million, one year after enactment, when U.S. allies did not join a multilateral sanctions regime against Iran. However, P.L. 111-195 explicit sets the threshold investment level at \$20 million. 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).

3 The definition of energy sector had included oil and natural gas, but now, as a consequence of the enactment of P.L. 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 Taking responsibility for constructing oil refineries or petrochemical plants in Iran did constitute sanctionable projects under the original version of ISA because ISA's definition of investment includes "responsibility for the development of petroleum resources located in Iran." **Table 4** provides some information on openly announced contracts to upgrade or refurbish Iranian oil refineries.

initiatives did deter some gasoline sales to Iran, including prompting a decision in December 2008 by Reliance Industries Ltd. of India to at least temporarily cease new sales of refined gasoline to Iran. The Ex-Im Bank, in August 2008, had extended a total of $900 million in financing guarantees to Reliance to help it expand.

Later in the 111th Congress, a House bill (Iran Refined Petroleum Sanctions Act) containing the provisions above sanctioning gasoline related sales to Iran, H.R. 2194, was passed by the House on December 15, 2009, by a vote of 412-12. 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; it added to the House bill provisions affecting U.S.-Iran trade and other issues. The conference report more closely resembled the more expansive Senate version. The President signed the final version on July 1, 2010 (P.L. 111-195). It should be noted that CISADA had many provisions beyond amending ISA.

Main CISADA Provision Amending ISA by Sanctioning Gasoline and Related Sales to Iran. CISADA's main provision to amend ISA made sanctionable:

- Sales to Iran of over $1 million worth (or $5 million in a one year period) of gasoline and related aviation and other fuels. (Fuel oil, a petroleum by-product which is reportedly being sold to Iran by exporters in the Kurdish region of Iraq, is not included in the definition of refined petroleum.)
- Sales to Iran of equipment or services (same dollar threshold as above) which would help Iran make or import gasoline. Such sales would include equipment and services that Iran can use to construct or maintain its oil refineries.

Triggers Added by Executive Order 13590 (November 21, 2011): Application of ISA to Sales of Energy Sector (Including Petrochemical) Equipment and Services

In the wake of a November 8, 2011, IAEA report indicating Iran might have worked on nuclear explosive technology, the Administration issued an Executive Order, under the International Emergency Economic Powers Act (IEEPA), expanding the authorities of the Iran Sanctions Act to direct the Secretary of State to impose at least one (1) of the available ISA sanctions on foreign firms that

- Provide to Iran $1 million or more (or $5 million in a one year period) worth of goods or services that Iran could use to maintain or enhance its oil and gas sector. This would appear to make sanctionable the activity of global oil services firms in Iran, or the provision to Iran of gear typically used in the oil industry such as drills, pumps, vacuums, oil rigs, and the like.
- Provide to Iran $250,000 (or $1 million in a one year period) worth of goods or services that Iran could use to maintain or expand its production of petrochemical products.
- Because these provisions were imposed by Executive Order—and not through an actual amendment to ISA—the other legislative provisions of ISA, such as the time frame to begin and complete investigations of suspected violations, did not apply to the transactions covered by this Executive Order.

These two triggers—sale to Iran of general oil industry equipment and of petrochemical production equipment—were codified in Section 201 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (P.L. 112-158). All ISA provisions, including investigation time frames and other provisions, therefore apply to these transactions.

Trigger Added by Executive Order 13622 of July 30, 2012: Purchasing of Iranian Crude Oil and Petrochemical Products

On July 30, 2012, President Obama issued an Executive Order that applies virtually all of the ISA sanctions—as well as restrictions on foreign banks—on entities that the President determines has:

- purchased oil or other petroleum products from Iran
- conducted transactions with the National Iranian Oil Company (NIOC) or Naftiran Intertrade Company (NICO).
- purchased petrochemical products from Iran.

The sanctions do not apply if the parent country of the entity conducting these transactions has received an exemption under Section 1245 of the P.L. 112-81—an exemption earned for "significantly reducing" oil purchases from Iran. (See below for more information on the Section 1245 sanctions and exemption process.)

The E.O. also blocks U.S.-based property of firms determined to have provided financial support to NIOC, NICO, the Central Bank or Iran, or to have helped Iran purchase U.S. bank notes or precious metals.

Triggers Added by the Iran Threat Reduction and Syria Act(P.L. 112-158)

The Act (H.R. 1905, P.L. 112-158, signed August 10, 2012) adds several sanctions triggers under the Iran Sanctions Act, beyond those discussed above, including:

- ownership of a vessel that is used to transport Iranian crude oil. This sanctions does not apply in cases of transporting oil to countries that have received exemptions under P.L. 112-81, discussed below.
- providing insurance or re-insurance for the National Iranian Oil Company (NIOC) or the National Iranian Tanker Company (NITC). (The provision requires applications of the "five out of twelve" ISA sanctions but does not specifically amend ISA.)
- Participation in a joint oil and gas development venture with Iran, outside Iran, if that venture was established after January 1, 2002. The effective date appeared intended to carve out an exemption for energy ventures in the Caspian Sea, such as the Shah Deniz oil field there.
- Participation in a joint venture with Iran relating to the mining, production, or transportation of uranium.
- Purchasing or facilitating the issuance of sovereign debt of the government of Iran, including Iranian government bonds.

- Selling threshold amounts of energy industry equipment, including for the production of petrochemicals (see above under Executive Order 13590).

Mandate and Time Frame to Investigate Violations

In the original version of ISA, there was no firm requirement, and no time limit, for the Administration to investigate potential violations and determine that a firm has violated ISA's provisions. CISADA, Section 102(g)(5), altered that by mandating that the Administration begin an investigation of potential ISA violations when there is "credible information" about a potential violation. The same section made mandatory the 180-day time limit for a determination of violation. Under Section 102(h)(5), the mandate to investigate gasoline related sales can be delayed an additional 180 days if an Administration report, submitted to Congress by June 1, 2011, asserts that its policies have produced a significant result in sales of gasoline to Iran. No such report was submitted.

However, there was still a lack of precision over what constitutes "credible information" that an investment or sanctionable sale has been undertaken. H.R. 1905 contains a provision amending ISA to provide a specific definition of "credible information," including a corporate announcement or corporate filing to its shareholders that it has undertaken transactions with Iran (that are potentially sanctionable under ISA).

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).[5] Early versions of that legislation (H.R. 282, S. 333) contained ISA amendment proposals that were viewed by the Bush Administration as too restrictive, including 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. CISADA added three new possible sanctions and required the imposition of at least three out of the nine against violators. H.R. 1905 amends ISA by adding three available sanctions and requiring imposition on *five out of the twelve* available sanctions. Executive Order 13590, and the July 30, 2012 Executive Order, discussed above, provide for exactly the same penalties as those in ISA. The twelve available sanctions against the sanctioned entity that the Secretary of State or the Treasury can select at least five from (§6) include:

1. denial of Export-Import Bank loans, credits, or credit guarantees for U.S. exports to the sanctioned entity (original ISA);
2. denial of licenses for the U.S. export of military or militarily useful technology to the entity (original ISA);

[5] 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.

3. denial of U.S. bank loans exceeding $10 million in one year to the entity (original ISA);
4. if the entity is a financial institution, a prohibition on its service as a primary dealer in U.S. government bonds; and/or a prohibition on its serving as a repository for U.S. government funds (each counts as one sanction) (original ISA);
5. prohibition on U.S. government procurement from the entity (original ISA);
6. prohibitions in transactions in foreign exchange by the entity (added by CISADA);
7. prohibition on any credit or payments between the entity and any U.S. financial institution (added by CISADA);
8. prohibition of the sanctioned entity from acquiring, holding, using, or trading any U.S.-based property which the sanctioned entity has a (financial) interest in (added by CISADA);
9. restriction on imports from the sanctioned entity, in accordance with the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1701) (original ISA);
10. a ban on a U.S. person from investing in or purchasing significant amounts of equity or debt instruments of a sanctioned person (added by P.L. 112-158);
11. exclusion from the United States of corporate officers or controlling shareholders of a sanctioned firm (added by P.L. 112-158).
12. imposition of any of the ISA sanctions on principal offices of a sanctioned firm (added by P.L. 112-158).

Mandatory ISA Sanction Imposed by CISADA: Prohibition on Contracts With the U.S. Government

There is a mandatory sanction under ISA, in addition to the "five out of twelve" menu above. CISADA (§102(b)) added a requirement in ISA that companies, as a condition of obtaining a U.S. government contract, certify to the relevant U.S. government agency, that the firm—*and any companies it owns or controls*—are not violating ISA. A provision added by P.L. 112-158 also requires a certification that the contractor is not knowingly engaging in a significant transaction with Iran's Islamic Revolutionary Guard Corps (IRGC), or any of its agents or affiliates that have been sanctioned under several Executive Orders discussed below. A contract may be terminated—and further penalties imposed—if it is determined that the company's certification of compliance was false. CISADA and P.L. 112-158 required revisions of the Federal Acquisition Regulation to reflect these requirements. The CISADA requirement was imposed in regulations, as per an interim rule issued on September 29, 2010, and presumably the same procedure will be followed for the P.L. 112-158 amendments.

Waivers, Exemptions, and Termination Authority

The President had the authority under the original version of ISA to waive sanctions if he certifies that doing so is *important* to the U.S. national interest (§9(c)). CISADA (§102(c)) changed the 9(c) ISA waiver standard to "*necessary*" to the national interest. H.R. 1905 modifies the standard somewhat to "esstential to the national security interests" of the United States. For sanctionable transactions involving WMD equipment, the waiver standard, as modified by P.L. 112-158, is "vital" to the national security interests…."

Under the original version of ISA, there was also waiver authority (§4(c)) if the parent country of the violating firm joined a sanctions regime against Iran, but this waiver provision was changed by the Iran Freedom Support Act (P.L. 109-293) to allow for a waiver determination based on U.S. vital national security interests. The Section 4(c) waiver was altered by CISADA 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 WMD 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. It could be argued that using a Section 4 waiver, rather than a Section 9 waiver, would support U.S. diplomacy with the parent country of the offending entity.

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

In the 110th Congress, 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).

"Special Rule" Exempting Firms That End Their Business With Iran

ISA, under a provision added by CISADA (§102(g)(5)), provides a means—a so-called "special rule"—for firms to avoid any possibility of U.S. sanctions by pledging to verifiably end their business with Iran and to forgo any sanctionable business with Iran in the future. Under the special rule, the Administration is not required to make a determination of sanctionability against a firm that makes such pledges. The special rule has been invoked on several occasions, as discussed below.

Termination Requirements

In its entirety, ISA application to Iran would terminate if the Administration determines that Iran has 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.[6] The amendments to ISA made by CISADA (sanctions for selling gasoline and related equipment) would terminate if the first two criteria are met.

[6] 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.

Sunset Provisions

Without such determinations, ISA was to sunset on August 5, 2001, in a climate of lessening tensions with Iran (and Libya) during the presidency in Iran of moderate 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. The ISA sunset was subsequently extended to December 31, 2011 (by P.L. 109-293). The current sunset— December 31, 2016—was established by CISADA.

Interpretations and Implementation of ISA and CISADA

Some provisions of ISA have been subject to differing interpretations which have, over time, been clarified through real world examples and cases presented to successive U.S. administrations.

Application to Crude Oil or Natural Gas Purchases from Iran

Prior to the passage of H.R. 1905, purchases of oil or natural gas from Iran were not considered violations of ISA. As noted above, the July 30, 2012 Executive order, and H.R. 1905, make such purchases sanctionable—if the parent country of the energy buyer or shipper has not received an exemption under P.L. 112-81. The July 30, 2012 Executive Order and H.R. 1905 make even more crucial the receipt of an exemption, and essentially render sanctionable energy and financial transaction involving any new Iranian energy customers.

Application to Sales to Iran of Energy-Related Equipment

The original version of ISA did not sanction sales to Iran of equipment that Iran could use to explore or extract its own oil or gas resources, *unless such sales are structured to provide ongoing profits or royalties (and therefore meet the definition of investments as provided in ISA*).[7] 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 were not sanctionable under ISA, unless the sale is structured to provide the seller ongoing profits or royalties. However, this exception was voided by Executive Order 13590 (November 21, 2011), which does provide for sanctions against sales of such equipment and services. And H.R. 1905 codifies that Executive Order.

Application to Financing but Not Official Credit Guarantee Agencies

The definitions of investment and other provisions of ISA make clear that financing for investment in Iran's energy sector, or for sales of gasoline and refinery-related equipment and services, constitute sanctionable activity. Therefore, banks and other financial institutions that assist energy investment and refining and gasoline procurement activities could be sanctioned under ISA.

[7] Prior to CISADA, the definition of investment in ISA specifically exempted sales of equipment or services under that definition. CISADA omitted that exclusion.

However, these definitions—including those in the July 30, 2012 Executive Order and in H.R. 1905—are not interpreted to apply to official credit guarantee agencies—such as France's COFACE and Germany's Hermes. These credit guarantee agencies are arms of their parent governments, and ISA does not provide for sanctioning governments or their agencies.

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 made such export credit guarantee agencies sanctionable, as well as financial institutions and insurers generally. Early versions of CISADA would have made these entities sanctionable but this was not included in the final law out of concern for alienating U.S. allies.

Application to Energy Pipelines

ISA's definition of sanctionable "investment" has been interpreted by successive administrations to include construction of energy pipelines to or through Iran. Such pipelines are deemed to help Iran develop its petroleum (oil and natural gas) sector. This interpretation was reinforced by amendments to ISA in CISADA, which specifically included in the definition of petroleum resources "products used to construct or maintain pipelines used to transport oil or liquefied natural gas." Secretary of State Clinton in March 2012, in discussing an Iran-Pakistan pipeline (see below), made clear that the Obama Administration interprets the provision to be applicable from the beginning of pipeline construction, and not from the start of oil or gas flow through a finished project.[8]

Only a few significant pipelines involving Iran have been constructed. These pipelines serve as the main vehicle through which Iran exports natural gas, in part because U.S. sanctions have made it difficult for Iran to developed a liquefied natural gas (LNG) export capability.

One pipeline, built in 1997, carries 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 the energy security of Turkey, a key U.S. ally. Even though direct Iranian gas exports to Turkey through the line began in 2001, no determination of sanctionability has been made.

In May 2009, Iran and Armenia inaugurated a natural gas pipeline between the two, built by Gazprom of Russia. Armenia is Iran's other main gas customer, aside from Turkey. No determination of sanctionability has been announced.

On the other hand, 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.

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

Other Prospective Pipelines to Iran: Turkey Pakistan, Persian Gulf, and Europe

Another Iran-Turkey pipeline, reportedly under construction on the Turkish side by Som Petrol, might again test the U.S. willingness to sanction such projects.[9]

A different pipeline project is intended to carry Iranian gas, by pipeline, to Pakistan. India had been a part of the $7 billion project, but 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. During the Bush Administration, Secretary of State Rice on several occasions "expressed U.S. concern" about the pipeline deal or called it "unacceptable." Possibly contributing to India's hesitancy to move forward, the late Ambassador Richard Holbrooke, the Administration Special Representative on Pakistan and Afghanistan, during 2010 trips to Pakistan raised the possibility that the project could be sanctioned if it is undertaken, citing enactment of CISADA. Secretary of State Clinton reiterated that position in March 2012.

Nonetheless, energy experts[10] say Iran has largely completed the pipeline extension from its network to the Pakistan border. Pakistan reportedly is moving forward with construction on its side of the border, but the extent of work completed, if any, is unclear. Potentially complicating the project is that Chinese banks reportedly withdrew commitments to provide about $1 billion in financing for the Pakistan construction. Iran and Pakistan had said it is to become operational by mid-2014.

If Iran resolves its disputes with the international community, 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.

Iran and Kuwait have held 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.[11] There are also discussions reported between Iran and Iraq on constructing pipelines to facilitate oil and gas swaps between the two, but no firm movement on these projects is evident.

Iran also is attempting to position itself as a gas exporter to Europe. The Obama Administration, like its predecessors, takes the view that Iran be excluded from gas pipeline projects to Europe, even though the projects might make Europe less dependent on Russian gas supplies. As shown in **Table 4**, in July 2007, a preliminary agreement was reached to build a second Iran-Turkey pipeline, through which Iranian gas would flow to Europe. That agreement was not finalized, but reportedly remains under discussion.

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[9] Information provided to the author by the New York State government. July 2012.

[10] For example, Bijan Kajehpour of Atieh Consulting. Presentation at CSIS, October 4, 2011.

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

Application to Iranian Energy Institutions

Many in the Administration and Congress have sought to sanction Iran's key oil production and export institutions. As noted above, provisions of P.L. 112-158 and Executive Order 13622 explicitly sanction dealings with the National Iranian Oil Company (NIOC), which is supervised by the Oil Ministry, the National Iranian Tanker Company (NITC) and a previously sanctioned firm, Naftiran Intertrade Company (NICO), which is a subsidiary of NIOC.

Section 312 of P.L. 112-158 requires an Administration determination, within 45 days of enactment (by September 24, 2012) whether NIOC and NITC are IRGC affiliates. If so, financial transactions with those organizations would be sanctionable under CISADA (prohibition on opening U.S.-based accounts).

Some of the other major components of NIOC—although not explicitly sanctioned—are:

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

Application to the Revolutionary Guard

Much of the work on Iran's oil and gas fields is done through a series of contractors. Some of them, such as Khatam ol-Anbia and Oriental Kish, have been identified by the U.S. government as controlled by the IRGC and have been sanctioned under various Executive Orders, discussed below.

P.L. 112-158 applies ISA sanctions to the IRGC, although it does not actually amend ISA itself. Section 302 requires application of five out of twelve ISA sanctions to persons that materially assist, with financing or technology, the IRGC, or assist or engage in "significant" transactions with any of its affiliates that are sanctioned under Executive Order 13382, 13224, or similar Executive orders discussed below. As noted above, P.L. 112-158 mandates a ban on government contracts for companies that fail to certify that they are not transacting business with the IRGC any of its sanctioned affiliates.

These provisions are intended, in part, to deter foreign firms from partnering with any of the IRGC companies involved in Iran's energy sector. However, some Iranian firms that work in Iran's energy sector have not been sanctioned under any U.S. Executive Order and their relations with the IRGC are unclear, meaning that Section 302 might not trigger any sanctions against these firms. These firms include Pasargad Oil Co, Zagros Petrochem. Co, Sazeh Consultants, Qeshm Energy, and Sadid Industrial Group.

Some believe the August 2011 confirmation of Khatam ol-Anbia's chief, Rostam Ghasemi, as Oil Minister, will, over time, bolster the role of the IRGC in Iran's oil sector. Ghasemi has also taken over the chair of the Organization of Petroleum Exporting Countries (OPEC) because it is Iran's turn to hold that rotating post. Ghasemi has been subjected to asset freezes by the United States and an asset freeze and travel ban by the European Union. However, under an agreement between OPEC and Austria, Ghasemi is allowed to travel to Vienna (OPEC's headquarters) to attend OPEC meetings and perform his duties as rotating head of the organization.

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, as noted below, CISADA specifically includes LNG in the definition of petroleum resources and therefore makes investment in LNG (or supply of LNG tankers or pipelines) sanctionable.

Sanctions Imposed Under ISA

The Obama Administration has used ISA authorities to discourage companies from continuing their business with Iran. This is a contrast from the first 14 years after ISA's passage, in which successive Administrations hesitated to confront partner countries over its implementation. The European Union opposed ISA, when it was first enacted, as an extraterritorial application of U.S. law. It threatened to file 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 promise by the EU not to file any complaint with the WTO over this issue, in exchange for the eventual May 18, 1998, announcement by the Clinton Administration to waive ISA sanctions ("national interest"—§9c—waiver) on the first project determined to be in violation. That project was a $2 billion[12] 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, for its part, pledged to increase cooperation with the United States on nonproliferation and counterterrorism. Then-Secretary of State Albright, in the May 18, 1998, waiver announcement, indicated that similar future such projects by EU firms in Iran would not be sanctioned, provided overall EU cooperation against Iranian terrorism and proliferation continued.[13] (The EU sanctions against Iran, announced July 27, 2010, might render this understanding moot because the EU sanctions ban EU investment in and supplies of equipment and services to Iran's energy sector.) Despite investments made in Iran's energy sector, as shown in **Table 4**, the Administration made no violations determinations from 1998 until September 2010.

ISA Sanctions Determinations and Exemptions[14]

Prior to the passage of CISADA, several Members of Congress questioned why no penalties had been imposed for violations of ISA. State Department reports to Congress on ISA, required every six months, did not specifically state which foreign companies, if any, were being investigated for ISA violations. No publication of such deals has been placed in the *Federal Register,* as required by Section 5e of ISA. In an effort to address the congressional criticism, 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 4**) was under review for ISA sanctions. Statoil is

[12] 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.

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

[14] 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.

incorporated in Norway, which is not an EU member, and did not fall under the 1998 U.S.-EU agreement discussed above.

Possibly in response to an October 2009 letter signed by 50 Members of Congress referencing **Table 4**, then 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 complete a preliminary review of investments in Iran for violations of ISA by December 11, 2009. He testified that some announced projects did not result in actual investment. On February 25, 2010, Secretary of State Clinton testified before the House Foreign Affairs Committee that the State Department's preliminary review was completed and that some of the cases reviewed "deserve[] more consideration" and were undergoing additional scrutiny. The preliminary review was conducted, in large part, through State Department officials' contacts with their counterpart officials abroad and corporation officials, but the additional investigations of problematic investments would involve the intelligence community, according to Secretary Clinton. State Department officials told CRS in November 2009 that they intended to complete the additional investigation and determine violations within 180 days of the completion of the preliminary review, or by early August 2010. (The 180-day time frame was, according to the department officials, consistent with the Iran Freedom Support Act amendments to ISA discussed above, even though the 180-day time frame was not mandatory before CISADA.) On June 22, 2010, then Assistant Secretary of State William Burns testified before the Senate Foreign Relations Committee that there were "less than 10" cases of possible ISA violations.

September 30, 2010, Sanctions Determinations[15]

Several determinations of sanctionability were made on September 30, 2010:

- A Swiss-based Iranian-owned oil trading company—*Naftiran Intertrade Company (NICO)*—became the first firm to be sanctioned under ISA. The three penalties selected were: a ban on Ex-Im Bank credits; a denial of dual use export licensing to the firm; and a denial of bank loans exceeding $10 million. The mandatory ban on receiving U.S. government contracts applies as well.

Exemptions Issued: That same day, following a months-long Administration review discussed later, four major energy sector investing companies were deemed eligible to avoid sanctions, under the ISA "special rule," by pledging to end their business in Iran. They are

- *Total* of France,
- *Statoil* of Norway,
- *ENI* of Italy, and
- *Royal Dutch Shell* of Britain and the Netherlands.

There remained some difference of opinion on the Administration invocation of the special rule, as evident at a hearing of the House Foreign Affairs Committee on December 1, 2010. At the hearing, then Under Secretary Burns stated that companies exempted under the special rule had pledged to end their existing investments in Iran "in the very near future." Some Members of Congress questioned the imprecision of that time frame formulation, asserting that some firms

[15] State Department statement. September 30, 2010.

would be working in Iran for several more years under their pledges. The energy firms insisted they needed time to wind down their investments in Iran—under the buy-back program used for investments in Iran, the energy firms are paid back their investment over time, making it highly costly for them to suddenly end operations in Iran.

November 17, 2010, Special Rule Application

- *Inpex* of Japan was exempted from sanctions under the special rule on November 17, 2010, according to a State Department announcement. The firm announced on October 15, 2010, that it is shedding its stake in the Azadegan development project shown in the table.

March 29, 2011, Sanctions Determination Against Belarusneft

Several foreign investment agreements with Iran were not covered in the September 2010 determination but remained under Administration scrutiny. The Administration stated that determinations will be made within 180 days (by April 1, 2011).

- On March 29, 2011, with that deadline approaching, the State Department announced that one additional firm would be sanctioned under ISA—*Belarusneft*, a subsidiary of the Belarus government owned Belneftekhim—for a $500 million contract with Naftiran (the company sanctioned in September 2010) to develop the Jofeir oil field discussed in **Table 4**. The three sanctions imposed were denial of Ex-Im Bank financing, denial of U.S. export licenses, and denial of U.S. loans above $10 million. Other subsidiaries of Belneftekhim were sanctioned in 2007 under Executive Order 13405 related to U.S. policy on Belarus.

The Administration announcement did not indicate that some of the other investments in **Table 4** or other investments, for which no ISA determinations have been made to date, are still under investigation.

May 24, 2011: ISA Sanctions Imposed on Gasoline-Related Shippers

On May 24, 2011, the Administration issued its first sanctions determinations under the CISADA-amended "trigger" that requires sanctions against sales of gasoline and related equipment and services.[16] The seven firms sanctioned were:

- *Petrochemical Commercial Company International (PCCI)* of Bailiwick of Jersey and Iran
- *Royal Oyster Group* (UAE)
- *Tanker Pacific* (Singapore)
- *Allvale Maritime* (subsidiary of Ofer Brothers Group, Israel)
- *Societie Anonyme Monegasque Et Aerienne (SAMAMA*, Monaco)

[16] The reasons for the sanctions, including size of gasoline shipments to Iran, as well as the ISA-related sanctions selected, can be found at http://www.state.gov/r/pa/prs/ps/2011/05/164132.htm

- *Speedy Ship* (UAE/Iran)
- *Associated Shipbroking* (Monaco)
- *Petroleos de Venezuela (PDVSA)* of Venezuela

The determinations of sanctionability of Allvale and SAMAMA were issued on September 13, 2011, as a "clarification" of the May 24 determinations, which named Ofer Brothers Group (and not Allvale or SAMAMA) as sanctioned entities at that time. Those two entities, as well as Tanker Pacific are, according to an author conversation with an attorney for the Ofer Brothers Group, affiliated with a Europe-based trust linked to deceased Ofer brother Sami Ofer, and not Ofer Brothers Group based in Israel. Ofer Brothers Group, based in Israel, is not therefore under sanction. The firms named were subjected primarily to the financial-related sanctions provided in ISA. With respect to PDVSA, the Administration made clear in its announcement that U.S.-based subsidiaries (such as Citgo) were not included in the determination and that U.S. purchases of Venezuelan oil would not be affected.

The day prior to the May 2011 sanctions announcement, President Obama issued an Executive Order clarifying that it is the responsibility of the Treasury Department to implement those ISA sanctions that involve the financial sector, including bans on loans, credits, and foreign exchange for, or imports from the sanctioned entity, as well as blockage of property of the sanctioned entity (if these sanctions are selected by the Secretary of State, who makes the decision which penalties to impose on sanctioned entities).

January 12, 2012, Determinations on Gasoline Sellers

On January 12, 2012, the Administration determined that three firms had sold more than the threshold amounts of gasoline to Iran and imposed sanctions (ban on U.S. export licenses for sales to the firms; a ban on Export Import Bank financing for them; and denial of loans of over $10 million to them). The three firms are

- Zhuhai Zhenrong Company (China), for brokering sales of $500 million worth of gasoline to Iran between July 2010 and January 2011.
- Kuo Oil Pte. Ltd. (Singapore), an energy trading firm that sold $25 million worth of gasoline to Iran between late 2010 and early 2011.
- FAL Oil Company Ltd. (UAE), an independent energy trader that sold Iran over $70 million worth of gasoline in late 2010.

August 10, 2012 Determination on Syrian Energy Firm

On August 10, 2012, the State Department sanctioned:

- Sytrol, a Syrian government-run oil company, for selling Iran over $36 million worth of oil in April 2012.

Sanctioning Oil Payments to Iran's Central Bank: Section 1245 of FY2012 National Defense Authorization Act (P.L. 112-81)

In late 2011, some in Congress believed that additional action, beyond amending ISA further, was needed to cut off the mechanisms oil importers use to pay Iran hard currency for oil. Proposals to cut Iran's Central Bank from the international financial system were based on that objective, as well as the view that the Central Bank helps other Iranian banks circumvent the U.S. and U.N. banking pressure. Some argued the Treasury Department should designate the Central Bank as a proliferation entity under Executive Order 13382 or a terrorism supporting entity under Executive Order 13224, but the Administration did not do so.

In November 2011, provisions to sanction foreign banks that deal with Iran's Central Bank were incorporated a FY2012 national defense authorization bill (H.R. 1540). The provision was modified slightly in conference action on the latter bill, enacted and signed on December 31, 2011 (P.L. 112-81). Section 1245 of P.L. 112-81, provides for the following:

- Requires the President to prevent a foreign bank from opening an account in the United States—or impose strict limitations on existing U.S. accounts—if that bank processes payments through Iran's Central Bank.
- The provision applies to *non-oil related* transactions with the Central Bank of Iran 60 days after enactment (by February 29, 2012).
- The provision applies to a foreign central bank only if the transaction with Iran's Central Bank is for oil purchases.
- Provides for a renewable waiver of 120 days duration if the President determines that doing so is in the national security interest.
- The provision applied to transactions with the Central Bank for *oil purchases* only after 180 days (as of June 28, 2012).
- Sanctions on transactions for oil apply only if the President certifies to Congress—90 days after enactment (by March 30, 2012), based on a report by the Energy Information Administration to be completed 60 days after enactment (by February 29, 2012)—that the oil market *is* adequately supplied. The EIA report and Administration certification are required every 90 days thereafter.
- Foreign banks can be granted an exemption from sanctions (for any transactions with the Central Bank, not just for oil) if the President certifies that the parent country of the bank has *significantly reduced* its purchases of oil from Iran. That determination is to be reviewed every 180 days. For countries whose banks receive an exemption, the 180 day time frame begins from the time that parent country last received an exemption.

The Administration had initially opposed the provision. In testimony, Under Secretary David Cohen told the Senate Foreign Relations Committee on December 2, 2011, that the provision could lead to a rise in oil prices that would benefit Iran. Yet, the Administration later saw value in using the provision to pressure Iran. In the signing statement on the overall bill, President Obama indicated he would implement the provision so as not to damage U.S. relations with partner countries.

Implementation/Exemptions Issued

On February 27, 2012, the Department of the Treasury announced regulations to implement this law. The first required EIA report was issued on February 29, 2012, saying "EIA estimates that the world oil market has become increasingly tight over the first two months of this year." On March 30, 2012, President Obama determined that there is a sufficient supply of oil from countries other than Iran to permit countries to reduce their oil purchases from Iran. A subsequent EIA report of April 27, 2012, and Administration determination of June 11, 2012, made similar findings and certifications, triggering potential sanctions on banks incorporated in countries not deemed exempt as of June 28, 2012.

Implementation of the provision was complicated by the absence in the legislation of a definition of "significant reduction" in oil purchases that would qualify a country for this exemption. However, the lack of definition gave the Administration substantial flexibility in dealing with foreign governments. On January 19, 2012, the Senators who drafted the provision wrote to Treasury Secretary Geithner agreeing with outside experts that the Treasury Department should define "significant reduction" as an 18% purchase reduction based on total price paid (not just volumes).[17] Administration officials say they have adopted that general standard when considering exemptions.

The EU embargo on purchases of Iranian oil, announced January 23, 2012, and which took full effect by July 1, 2012, implied that virtually all EU countries would obtain exemptions for having "significantly reduced" oil buys from Iran. As noted in the section and table below, several countries have reduced purchases from Iran and a total of 20 countries have been granted exemptions from the Section 1245 sanctions for at least a 180-day period (from the time of their exemption). Countries must continue to reduce their oil buys from Iran—relative to the previous 180-day period—to retain the exemption. And, as discussed above, retaining the exemption has become crucial to continuing oil-related commerce with Iran, because Executive Order 13622 and P.L. 112-158 sanctions oil dealings with Iran unless a parent country has an current exemption. P.L. 112-158 also amended Section 1245 such that any country that has received an exemption would retain that exemption if it completely ceases purchasing oil from Iran.

Exemptions Issued[18]

- On March 20, 2012, the Secretary of State announced the first group of 11 countries that had achieved an exemption for significantly reducing oil purchases from Iran: Belgium, the Czech Republic, France, Germany, Greece, Italy, Japan, the Netherlands, Poland, Spain, and Britain.
- On June 11, 2012, the Administration granted seven more exemptions based on reductions of oil purchases from Iran of about 20% in each case: India, Korea, Turkey, Malaysia, South Africa, Sri Lanka, and Taiwan.
- On June 28, 2012, the Administration granted exemptions to China and Singapore, two remaining major Iran oil customers, with China perhaps the single largest buyer (about 550,000 barrels per day in 2011).

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

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

Some believe China earned the exemption mainly because of the many interlocking aspects of its relations with the United States, with any cuts in oil buys from Iran as yet unclear. China might have cut some of its buys from one month to another, but whether it is committed to a sustained reductions of the approximately 18% level generally required is not known. Singapore only gets about 1% of its oil from Iran.

Seventeen EU countries have not been granted exemptions. Some of them were not customers for Iran's oil and cannot therefore "significantly reduce" their buys from Iran any further. Banks of these countries could potentially be sanctioned for any transactions with Iran's Central Bank. Some of these countries say that the sanctions provision amounts to a de facto U.S. effort to enforce a total ban on EU trade with Iran.

Other early opposition from EU and other countries to the concept of sanctioning Iran's Central Bank was based on humanitarian grounds. One of the Central Bank's roles is to keep Iran's currency, the rial, stable. It does so by using hard currency to buy rials to raise the currency value, or to sell rials to bring the value down. An unstable currency could harm Iran's ability to import some needed foodstuffs and medical products, according to those opposing that sanction.

Ban on U.S. Trade and Investment With Iran

A comprehensive ban on U.S. trade with and investment in Iran was imposed on May 6, 1995, by President Clinton, through Executive Order 12959, under the authority primarily of the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1701 et seq.) [19]; IEEPA gives the President wide powers to regulate commerce with a foreign country when a state of emergency is declared in relations with that country. Executive Order 12859 followed an earlier March 1995 executive order barring U.S. investment in Iran's energy sector, which was imposed when President Clinton that month declared that a state of emergency exists with respect to Iran. A subsequent Executive Order, 13059 (August 19, 1997) prevented U.S. companies from knowingly exporting goods to a third country for incorporation into products destined for Iran. The trade 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, the U.S. Administration has renewed a declaration of a state of emergency that triggers the President's trade regulation authority under IEEPA. The operation of the trade regulations is stipulated in Section 560 of the Code of Federal Regulations (Iranian Transactions Regulations, ITR's).

Some relaxations to the trade ban during 1999-2010 account for the fact that there is some trade between the United States and Iran, although it is minimal. CISADA, signed in July 2012, restored the strict ban on imports from Iran as of September 29, 2010; the ban on exports to Iran was altered only slightly by CISADA. CISADA's codification and restoration of the full import ban largely accounts for the fact that imports from Iran are negligible, primarily licensing of imports such as artwork for exhibits.

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

Major Provisions of the Trade and Investment Ban: What is Allowed or Prohibited

The following conditions and modifications, as administered by the Office of Foreign Assets Control (OFAC) of the Treasury Department, apply to the operation of the trade ban ("Iran Transaction Regulations," ITRs):

- *Civilian Airline Parts*. Goods related to the safe operation of civilian aircraft may be licensed for export to Iran (§560.528 of Title 31, C.F.R.). In 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). An Obama Administration intent to sell Iran data to repair certain GE engines for its legacy American-made aircraft, in order to ensure safe operation, was notified to Congress on March 16, 2011. On June 23, 2011, the Administration sanctioned Iran Air as a proliferation entity under Executive Order 13382, rendering any future licensing of parts or repairs for Iran Air unclear.
- *Oil Swaps*. 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, and no known applications were submitted subsequent to that first attempt.
- *Personal Communications and Remittances*. The ban does not apply to personal communications (phone calls, e-mails), or to personal remittances. In February 2012, OFAC clarified guidance for personal remittances to relatives in Iran. According to that guidance, U.S. banks can process remittances to family members resident in Iran as long as the remittance is routed through a third country bank, and the receiving Iranian bank has not been sanctioned by the United States under any law or Executive Order.
- *Food and Medical Exports*. 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. However, OFAC regulations have a specific definition of "food" which does not include alcohol, cigarettes, gum, or fertilizer.[20] According to OFAC, 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.
- *Export Financing*. As far as financing of approved U.S. sales to Iran, private letters of credit can be used to finance approved transactions, but no U.S. government 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

[20] http://www.treasury.gov/resource-center/sanctions/Programs/Documents/gl_food_exports.pdf

December 2004, the trade ban was further modified to allow Americans to freely engage in ordinary publishing activities with entities in Iran (and Cuba and Sudan).

- *Import Ban*. In April 2000, the trade ban was further eased to allow U.S. importation of Iranian nuts, fruit products (such as pomegranate juice), carpets, and caviar. Trade 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 imports of many Iranian products. As discussed above, CISADA ended approval of such imports as of October 1, 2010.

Implementation

OFAC generally declines to discuss export licenses approved, and a press account on December 24, 2010,[21] discussed that, at that time, OFAC had approved exports to Iran of such condiments as ice cream sprinkles, chewing gum, food additives, hot sauces, body-building supplements, and other goods that appear to have uses other than those that are purely humanitarian or nutritive. U.S. exporters widely mentioned include Mars Co. (candy manufacturer); Kraft Foods; Wrigley's (gum); and McCormick and Co. (spices). Some goods are sold through a Revolutionary Guard-owned chain of stores in Iran called Qods; as well as a government-owned Shahrvand store and a chain called Refah. OFAC officials indicated in the press accounts that such licenses were not in contradiction with U.S. law or policy, although there might have been less than full scrutiny of some Iranian end users and that such scrutiny would be increased in future licensing decisions.

Non-Application to Foreign Refined Oil With Iranian Content

The ban on trade with Iran operates largely on items produced in and originating from Iran itself. In the case of crude oil, the United States, as noted, cannot import or trade overseas any Iranian crude oil. Existing regulations do not ban the importation, from foreign refiners, of gasoline or other energy products in which Iranian oil is contained and mixed with oil from other producers. The rationale for the regulation is that the product of a specific refinery is considered a product of the country where that refinery is located, and not a product of Iran, even if the product has some Iran-origin content. Some experts say that it is feasible to exclude Iranian content from any refinery, if there were a decision to ban U.S. imports of products with any Iranian content at all.

Much of the Iranian oil that is mixed and imported into the United States was imported from EU countries, such as the Netherlands, which has major refineries in Rotterdam, in particular. However, the EU ban on purchases of Iranian oil has largely mooted this issue, since no EU refineries are importing any Iranian oil as of July 1, 2012. Only a few other refineries worldwide both continue to receive Iranian oil and export gasoline to the United States—and U.S. gasoline imports from those refineries are minor.

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

Application to Humanitarian Donations and Support

Earthquakes and various events in Iran frequently raise questions about how the U.S. trade regulations on Iran apply to humanitarian relief and donations. According to OFAC guidance, U.S. non-governmental organizations (NGOs) require a specific license to operate in Iran, but some of these NGOs say the licensing requirements are too onerous to make work in Iran practical. For example, there are restrictions on how a U.S. NGO may expend funds in Iran, for example to hire Iranian nationals.

As far as private donations by U.S. officials, donations to Iranian victims of natural disasters (such as mailed packages of food, toys, clothes, etc.) are not prohibited. However, financial donations to relief organizations, because such transfers generally require use of the international banking system, does require a specific license. Similarly, NGOs that want to perform relief efforts in Iran require a specific license to do so.

Selected Exceptions

In some cases, such as the earthquake in Bam in 2003 and the earthquake in northwestern Iran in August 2012, OFAC has issued blanket temporary general licensing for relief organizations to perform relief efforts in Iran. The latest temporary license that responded to the August 2012 earthquake in Iran was issued on August 21, 2012, for a period of 45 days (until October 5). Under this temporary general license, an NGO can transfer up to $300,000 for efforts iin Iran under general license (no license application needed). Transferring larger amounts is possible, but would require specific license.

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—or control by—the parent company. For legal and policy purposes, foreign subsidiaries are considered foreign persons, not U.S. persons, and are subject to the laws of the country in which the subsidiaries are incorporated. H.R. 1905 applies the U.S. trade ban to foreign subsidiaries if (1) the subsidiary is more than 50% owned by the U.S. parent; (2) the parent firm holds a majority on the Board of Directors; or (3) the parent firm directs the operations of the subsidiary. However, many subsidiaries operate entirely autonomously and might not meet the criteria for sanctionability stipulated in H.R. 1905.

A March 7, 2010, *New York Times* article discusses some subsidiaries of U.S. firms that have been active in Iran and which have also 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:

- 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.
- Transammonia Corp., via a Swiss-based subsidiary, is said to be conducting business with Iran to help it export ammonia, a growth export for Iran.

- Press reports in early October 2011 indicated that subsidiaries of Kansas-based Koch Industries may have sold equipment to Iran to be used in petrochemical plants (making methanol) and possibly oil refineries, among other equipment. However, the reports say the sales ended as of 2007, a time at which foreign firm sales of refinery equipment to Iran were not clearly sanctionable under ISA.[22]

Energy Related Subsidiaries. Some U.S. energy equipment and energy-related shipping firms have been in the Iranian market as late as 2010, according to their "10-K" filings with the Securities and Exchange Commission. These include Natco Group,[23] Overseas Shipholding Group,[24] UOP (United Oil Products, a Honeywell subsidiary based in Britain),[25] Itron,[26] Fluor,[27] Parker Drilling, Vantage Energy Services,[28] PMFG, Ceradyne, Colfax, Fuel Systems Solutions, General Maritime Company, Ameron International Corporation, and World Fuel Services Corp. UOP reportedly sells refinery gear to Iran. However, such sales to Iran, depending on the dollar value, are now likely sanctionable under ISA as amended by CISADA, P.L. 112-158, and Executive Order 13622. It is therefore likely that many of these companies will be exiting the Iranian market, if they have not done so already.

Subsidiaries of U.S. Firms Exiting Iran

As international sanctions against Iran have increased in recent years, many foreign subsidiaries had decided that the risks of continuing to do business with Iran outweigh the benefits.

- Chemical manufacturer Huntsman announced in January 2010 its subsidiaries would halt sales to Iran.
- 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),[29] 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 no longer operating in Iran, as promised in January 2005.

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[22] Asjylyn Loder and David Evans. "Koch Brothers Flout Law Getting Richer With Iran Sales." Bloomberg News, October 3, 2011.

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

[24] 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.

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

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

[27] "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.

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

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

- 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.
- Oilfield services firm Smith International said on March 1, 2010, it would stop sales to Iran by its subsidiaries. Another oil services firm, Flowserve, said its subsidiaries have voluntarily ceased new business with Iran as of 2006.[30] FMC Technologies took similar action in 2009, as did Weatherford[31] in 2008.
- 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.[32] Ingersoll Rand, maker of air compressors and cooling systems, followed suit.[33]
- 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.[34]

Financial Sanctions: CISADA and Sanctions on Dealings with Iran's Central Bank

U.S. efforts to shut Iran out of the international banking system have gained strength as other countries have joined the effort. These efforts have been implemented by the Treasury Department through progressively strong actions discussed below, culminating with legislation in late 2011 to cut off Iran's Central Bank from the international financial system.

Early Efforts: Targeted Financial Measures

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, which the Administration accused of providing funds to Hezbollah.[35] The Treasury Department extended that U-Turn restriction to all Iranian banks on November 6, 2008.

[30] In September 2011, the Commerce Department fined Flowserve $2.5 million to settle 288 charges of unlicensed exports and re-exports of oil industry equipment to Iran, Syria, and other countries.

[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.

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

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

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

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

During 2006-2010, strengthened by leverage provided in five U.N. Security Council Resolutions, then Under Secretary of the Treasury Stuart Levey and his aides presented information on Iran's efforts to use foreign banks to fund WMD programs and funnel money to terrorist groups. The program convinced at least 80 foreign banks to cease handling financial transactions with Iranian banks. Levey left office in April 2011 and was replaced by David Cohen.

The Treasury Department also used punishments to pressure firms to cease doing business with Iran. 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. In June 2012, Dutch bank IMG agreed to pay a $619 million penalty for moving billions of dollars through the U.S. financial system, using falsified records, on behalf of Iranian and Cuban clients. Another bank, Standard Chartered, agreed in August 2012 to a $340 million settlement with New York State regulators for allegedly processing transactions with Iran in contravention of U.S. regulations.[36]

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. The assets were seized by U.S. authorities in late 2009.

Banking Provisions of CISADA

The Treasury Department efforts were enhanced substantially by the authorities of Section 104 of CISADA and U.N. and EU sanctions. The binding provisions of Section 104 of CISADA require the Secretary of the Treasury to prescribe several sets of regulations to forbid U.S. banks from opening new "correspondent accounts" or "payable-through accounts"—or force the cancellation of existing such accounts—with foreign banks that process "significant transactions" with:

- The IRGC or any of its agents or affiliates that are sanctioned under U.S. executive orders. The two executive orders that have served as the principal source of U.S. sanctions against Iranian firms and organizations are Executive Order 13224 (September 23, 2001) and 13382 (June 28, 2005), discussed elsewhere in this report.
- Any entity that is sanctioned by U.S. executive orders such as the two mentioned above. To date, over 125 entities (including individuals), almost all of them Iran-based or of Iranian origin, have been designated for Iran-related proliferation or terrorism activities under these orders. A full list is at the end of this report.
- Any entity designated under the various U.N. Security Council resolutions adopted to impose sanctions on Iran,

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

- Any entity that assists Iran's Central Bank in efforts to help the IRGC acquire weapons of mass destruction or support international terrorism.

Foreign banks that do not have operations in the United States typically establish correspondent accounts or payable-through accounts with U.S. banks as a means of accessing the U.S. financial system and financial industry. The provision leaves it to the Treasury Department to determine what constitutes a "significant" financial transaction. The premise of the provision is that cutting off Iran's access to the international financial system harms Iran's economy primarily by preventing Iranian traders from obtaining letters of credit to buy or sell goods.

Sanctions Imposed?

On July 31, 2012, the Administration announced the first sanctions under this provision of CISADA. Sanctioned are: the Bank of Kunlun in China and the Elaf Islamic Bank in Iraq.

Section 311 of the Patriot Act

On November 21, 2011, the Administration took further steps to isolate Iran's banking system and to dissuade foreign banks and countries from dealing with any Iranian bank. Secretary of the Treasury Geithner announced that day that the Administration had acted under Section 311 of the USA Patriot Act (31 U.S.C. 5318A) to identify Iran as a "jurisdiction of primary money laundering concern"[37]—that its financial system, including the Central Bank, constitutes a threat to governments or financial institutions that do business with these banks. Banks that do business with the Iranian financial system were declared at risk of supporting Iran's pursuit of nuclear weapons, its support for terrorism, and its efforts to deceive financial institutions and evade sanctions. The designation carried no immediate penalty, per se, but it imposes additional requirements on U.S. banks to ensure against improper Iranian access to the U.S. financial system. It was also intended to cause foreign banks to cease doing business with Iranian banks.

February 5, 2012, Executive Order on Impounding Iranian Assets

Possibly in part to address congressional sentiment for extensive sanctions on the Central Bank, on February 6, 2012, the President issued an Executive Order (13599) imposing further sanctions on the Central Bank and on other entities determined to be owned or controlled by the Iranian government. The order requires that any U.S.-based assets of the Central Bank of Iran, or of any Iranian government-controlled entity, be blocked (impounded) by U.S. financial institutions. U.S. persons are prohibited from any dealings with such entities. U.S. financial institutions previously were required to merely refuse such transactions with the Central Bank, or return funds to it, but the order requires them to henceforth impound such assets. Several designations were made under E.O. 13599 on July 12, 2012, as shown in **Table 6** at the end of the report.

Sanctions on Iran's Central Bank

Sanctions against Iran's Central Bank, enacted in P.L. 112-81, are discussed above in the section on energy-related sanctions. The main intent of the P.L. 112-81 sanctions was to prevent

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

payments to Iran for crude oil. However, the P.L. 112-81 sanctions apply to transactions with Iran's Central Bank other than for oil, as discussed above.

Terrorism-Related Sanctions: Ban on U.S. Aid, Arms Sales, and Other Programs for Iran

Several U.S. sanctions are in effect as a result of the Iran's assistance to militant groups in the Middle East. Iran's designation as a state sponsor of terrorism triggers substantial sanctions on any nation so designated. However, other laws and Executive Orders impose sanctions on Iran and Iran-supported groups that carry out acts of terrorism.

Sanctions Triggered by Terrorism List Designation

The U.S. naming of Iran as a "state sponsor of terrorism," commonly referred to as Iran's placement on the U.S. "terrorism list," triggers several sanctions. 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 perpetrated by elements that later became Hezbollah. The sanctions triggered by Iran's continued listing are:

- Restrictions on 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). Under other laws, the designation bans direct U.S. financial assistance to Iran (§620A of the Foreign Assistance Act, FAA, P.L. 87-195) and arms sales to Iran (§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 (§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 have banned direct assistance to Iran (loans, credits, insurance, Ex-Im Bank credits) without providing for a waiver.
- Under the Anti-Terrorism and Effective Death Penalty Act (§§325 and 326 of P.L. 104-132), a requirement that 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. Section 321 of that act also makes it a criminal offense for U.S. persons to conduct financial transactions with terrorism list governments.

Aside from the terrorism list designation, Section 307 of the FAA (added in 1985) names Iran as unable to benefit from U.S. contributions to international organizations, and require proportionate cuts if these institutions work in Iran. For example, if an international organization spends 3% of its budget for programs in Iran, then the United States is required to withhold 3% of its contribution to that international organization. No waiver is provided for.

No Ban on U.S. Official Humanitarian Aid

The terrorism list designation, and other 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); $350,000 worth of aid to the victims of a June 22, 2002, earthquake; and $5.7 million in assistance (out of total governmental pledges of about $32 million) for the victims of the December 2003 earthquake in Bam, Iran, which killed as many as 40,000 people. The 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.

Executive Order 13224: Sanctioning Terrorism Supporting Entities

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, 2001, attacks on the United States, under the authority of the IEEPA, the National Emergencies Act, the U.N. Participation Act of 1945, and Section 301 of the U.S. Code, 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 6**, which also contains the names of Iranian entities sanctioned under other orders and under United Nations resolutions.

Among recent Iran-related designations under this order, on July 28, 2011, the Treasury Department designated six Iran-based members of Al Qaeda under this order for allegedly serving as financiers for Al Qaeda. On October 12, 2011, the Treasury Department designated Mahan Air, an airline operating in Iran and the Persian Gulf region, under this order, for allegedly helping the Qods Force (the arm of Iran's Revolutionary Guard that supports pro-Iranian movements abroad) ship weapons and other gear. On March 27, 2012, the Treasury Department designated five Iranian entities and one Nigerian entity for allegedly attempting to ship Iranian weapons to Gambia and to Syria.

Proliferation-Related U.S. Sanctions

The state sponsor of terrorism designation, discussed above, bars Iran from U.S. exports of technology that can be used for weapons of mass destruction programs (WMD). Iran-specific anti-proliferation laws discussed below,[38] and Executive Order 13382 (June 28, 2005), also seek to prevent Iran from receiving advanced technology from the United States. Some of these laws and executive measures seek to penalize foreign firms and countries that provide equipment to Iran's WMD programs.

[38] 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 sanction to ban imports to the United States from the entity is authorized.

If the violator is determined to be a foreign country, sanctions to be imposed are a one-year ban on U.S. assistance to that country; a one-year requirement that the United States vote against international lending to it; a one-year suspension of U.S. co-production agreements with the country; a one-year suspension of technical exchanges with the country in military or dual use technology; and a one-year ban on sales of U.S. arms to the country. The President is also authorized to deny the country most-favored-nation trade status; and to impose a ban on U.S. trade with the country.

The Iran-Iraq Arms Nonproliferation Act (§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-North Korea-Syria Nonproliferation Act

The Iran Nonproliferation Act (P.L. 106-178), now called the Iran-North Korea-Syria Non-Proliferation Act (INKSNA), 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.[39] (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.) **Table 6** at the end of the report lists entities sanctioned under this law.

Executive Order 13382

Executive Order 13382 (June 28, 2005) allows the President to block the assets of proliferators of weapons of mass destruction (WMD) and their supporters under the authority granted by the International Emergency Economic Powers Act (IEEPA, 50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and Section 301 of Title 3, United States Code. As is the case with Executive Order 13224, this order has been used extensively to sanction Iran-related entities; **Table 6** lists Iran-related entities sanctioned under the order. As an example, the IRGC is named as a proliferation entity under the order.

[39] 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.

Provision On IRGC Added by P.L. 112-158

Section 301 of H.R. 1905 requires the President, within 90 days of enactment of that Act (by November 9, 2012), to identify "officials, agents, or affiliates" of the IRGC and to impose sanctions in accordance with E.O. 13382 (or 13224 above), including blocking any such designee's U.S.-based assets or property.

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.

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).[40] The concept of these sanctions is to express the view of Western and other democracies that Iran is an outcast internationally. A divestment provisions was contained in CISADA (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.

Section 219 of H.R. 1905 requires companies, in their reports to the Securities and Exchange Commission, to disclose whether it or any corporate affiliate has engaged in any sanctionable transactions with Iran under ISA, CISADA, and other applicable laws.

U.S. Sanctions Intended to Support Democratic Change in Iran or Alter Iran's Foreign Policy

A trend in U.S. policy since the June 2009 Iran election dispute has been to quietly and gradually advance the prospects for the domestic opposition in Iran. Proposals to sanction the IRGC, discussed throughout, represent one facet of that trend. The IRGC is not only involved in Iran's WMD programs but it is also the key instrument through which the regime has suppressed the pro-democracy movement. Another trend in legislation and Executive Orders has been to support the ability of democracy activists in Iran to communicate, to reduce the regime's ability to monitor or censor Internet communications, and to identify and sanction Iranian human rights abusers.

Earlier legislation, the Iran Freedom Support Act (IFSA, P.L. 109-293), represented a congressional effort to promote the prospects for opponents of the regime. That law authorized "sums as may be necessary" to assist Iranians who are "dedicated" to "democratic values … and

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

the adoption of a democratic form of government in Iran"; and "advocates the adherence by Iran to nonproliferation regimes."

Expanding Internet and Communications Freedoms

Some laws and Administration action focus on expanding Internet freedom in Iran or preventing the Iranian government from using the Internet to identify opponents. Subtitle D of the FY2010 Defense Authorization Act (P.L. 111-84), called the "VOICE" (Victims of Iranian Censorship) Act contained several provisions to increase U.S. broadcasting to Iran and to identify (in a report to be submitted 180 days after enactment, 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 Act authorized funds to document Iranian human rights abuses since the June 12, 2009, presidential election. Another provision (§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.

CISADA Provisions

In the 111th Congress, the "Reduce Iranian Cyber-Suppression Act," (S. 1475 and H.R. 3284) was incorporated into CISADA. The provision of CISADA (Section 106) prohibits U.S. government contracts with foreign companies that sell technology that Iran could use to monitor or control Iranian usage of the internet.

Another provision of CISADA (§103(b)(2)) exempts from the U.S. export ban on Iran equipment to help Iranians communicate and use the Internet. 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.[41]

March 2010 Administration Regulations: Providing Free Software to Iranians

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 appeared to incorporate the major features of a proposal in the 111th Congress, H.R. 4301, the "Iran Digital Empowerment Act." The OFAC determination required a waiver of the provision of the Iran-Iraq Arms Nonproliferation Act (§1606 waiver provision) discussed above.

The Administration took a further step on March 20, 2012, announcing a new licensing policy to promote Internet freedom in Iran. The announcement seemed to reflect President Obama's Nowruz message that same day, saying the United States is committed to promoting Internet freedom in Iran against counter-efforts by the regime. The Treasury Department announced that several additional types of software and information technology products would be able to be exported to Iran under general license, including personal communications, personal data storage, browsers, plug-ins, document readers, and free mobile applications related to personal communications. The exports are provided the products are available at no cost to the user.[42]

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

[42] Fact Sheet: Treasury Issues Interpretive Guidance and Statement of Licensing Policy on Internet Freedom in Iran,. (continued...)

Executive Order 13606 and P.L. 112-158

On April 23, 2012, President Obama issued an Executive Order (13606) directly addressing the issue by sanctioning persons who commit "Grave Human Rights Abuses by the Governments of Iran and Syria Via Information Technology (GHRAVITY)." The order blocks the U.S.-based property and essentially bars U.S. entry and bans any U.S. trade with persons and entities listed in an Annex and persons or entities subsequently determined to be:

- Operating any technology that allows the Iranian (or Syrian) government to disrupt, monitor, or track computer usage by citizens of those countries.
- Selling to Iran or Syria any technology that enables those governments to carry out such disruptions or monitoring.
- Assisting the two governments in such disruptions or monitoring.

Among Iranian entities, the Executive Order named and imposed sanctions on Iran's Ministry of Intelligence and Security (MOIS); the Islamic Revolutionary Guard Corps (IRGC); the Law Enforcement Forces (LEF); and Iranian Internet service provider Datak Telecom.[43] Of these entities, similar sanctions have been imposed through other executive orders (relating to facilitating proliferation, terrorism, and human rights abuses) on the MOIS, the IRGC, and the LEF.

P.L. 112-158

The Iran Threat Reduction and Syria Human Rights Act of 2012 codifies Executive Order 13606 by imposing those same sanctions (visa ban, U.S.-based property blocked) on persons determined to have engaged in censorship in Iran, limiting access to media, or supporting Iranian government jamming or frequency manipulation.

Measures to Sanction Human Rights Abuses and Promote the Opposition:

Another part of the effort to help Iran's opposition has been legislation to sanction regime officials involved in suppressing the domestic opposition in Iran. Senator John McCain introduced a stand-alone bill, S. 3022, the "Iran Human Rights Sanctions Act, and later proposed those provisions as an amendment to S. 2799 (the Senate version of what became CISADA). abusers.

Section 105 of CISADA and Executive Order 13553

The provisions of S. 3022 were incorporated into CISADA as Section 105. The section bans travel and freezing assets of those Iranians determined to be human rights abusers.

(...continued)

March 20, 2012.

[43] Department of Treasury Documents. Fact Sheet: New Executive Order Targeting Human Rights Abuses Via Information Technology. April 23, 2012.

On September 29, 2010, the Administration implemented Section 105 of CISADA when President Obama signed an Executive Order (13553) providing for the CISADA sanctions against Iranians determined to be responsible for or complicit in post-2009 Iran election human rights abuses. Along with the order, an initial group of eight Iranian officials was penalized, including Mohammad Ali Jafari, the commander-in-chief of the IRGC, and several other officials who were in key security or judicial positions at the time of the June 2009 election and aftermath. Several additional officials and security force entities have been sanctioned since, as shown in **Table 6** at the end of this report. Under State Department interpretations of the executive order, if an entity is designated, all members of that entity are ineligible for visas to enter the United States.[44] Similar sanctions against many of these same officials—as well as several others—have been imposed by the European Union.

Provision Added by P.L. 112-158: Sanctioning Sales of Anti-Riot Equipment

The Iran Threat Reduction and Syria Human Rights Act of 2012 amends Section 105 of CISADA by adding a new provisions that sanctions (visa ban, U.S. property blocked) for any person or company that sells the Iranian government goods or technologies that it can use to commit human rights abuses against its people. Such goods include firearms, rubber bullets, police batons, chemical or pepper sprays, stun grenades, tear gas, water cannons, and like goods. ISA sanctions are additionally to be imposed on any person determined to be selling such equipment to the IRGC.

Executive Order 13438 and 13572: Sanctioning Iranian Involvement in the Region

Some sanctions have been imposed to try to punish Iran's attempts to exert influence in the region. On July 7, 2007, President Bush issued Executive Order 13438. The order sanctions Iranian persons who are posing a threat to Iraqi stability, presumably by providing arms or funds to Shiite militias there. Some persons sanctioned have been Qods Force officers, some have been Iraqi Shiite militia-linked figures, and some entities have been sanctioned as well.

Executive Order 13572, issued on April 29, 2011, targets those responsible for human rights abuses and repression of the Syrian people. The Qods Force and a number of Iranian Qods Force officers, including its overall commander Qasem Soleimani, have been sanctioned under this Order (and under other executive orders, as shown in the table at the end). The Iranians sanctioned allegedly helped Syria commit abuses against protesters and repress its domestic opposition movement that has conducted nationwide demonstration since March 2011. In September 2011, the European Union similarly sanctioned the Qods Force for its purported assistance to Syria's repression.

Separate Visa Ban

On July 8, 2011, in conjunction with Britain, the United States imposed visa restrictions on more than 50 Iranian officials for participating in political repression in Iran. The State Department announcement stated that the names of those subject to the ban would not be released because

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

visa records are confidential. The action was taken under the authorities of Section 212(a)(3)(C) of the Immigration and Nationality Act, which renders inadmissible to the United States a foreign person whose activities could have serious consequences for the United States.

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. A reported $400 million in proceeds from the resale of that equipment was placed in a DOD FMS account and may remain in this escrow account, although DoD has not provided CRS with a precise balance. Additionally, according to the Treasury Department "Terrorist Assets report" for 2010, about $48 million in Iranian diplomatic property and accounts remains blocked—this amount includes proceeds from rents received on the former Iranian embassy in Washington, DC, and 10 other properties in several states, along with 6 related bank accounts.[45]

Other past 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 nonwage earner) for the 248 Iranians killed. The United States did not compensate Iran for the airplane itself.

In another case, there are reportedly about $2 billion in securities-related assets held by Citigroup, deposited there by Luxembourg-based Clearstream Banking SA, a payments-clearing organization. The assets reputedly belong to Iran and have been frozen and held against terrorism judgments against Iran, although it is not clear whether such assets fall under existing authorities to impound Iranian assets to pay terrorism or other judgments against Iran. Iran's Central Bank reportedly plans to file a motion in U.S. court to unfreeze the assets. Pending legislation in the 112th Congress, discussed below, would consider those assets to be Iranian assets subject to seizure and use to pay judgments against Iran in various terrorism-related cases. In a recent judgement, on July 6, 2012, a U.S. federal judge ordered Iran to pay $813 million to the families of the 241 U.S. soldiers killed in the October 23, 1983, bombing of the U.S. Marine barracks in Beirut. That brings to $8.8 billion the total amount awarded, in eight judgments against Iran, for that bombing, which was perpetrated by Islamist elements that ultimately became Lebanese Hezbollah.

U.N. Sanctions

U.N. sanctions apply to all U.N. member states, and therefore have tended, in other cases, to be more effective than unilateral sanctions. There is increasing convergence among all these varying sets of 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

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45 http://www.treasury.gov/resource-center/sanctions/Documents/tar2010.pdf.

resolutions—1737, 1747, and 1803—imposed sanctions primarily on Iran's weapons of mass destruction (WMD) infrastructure. In addition, Resolution 1747 imposed a ban on Iran's exportation of weaponry outside Iran's borders. After failed negotiations with Iran during 2009, 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 under U.N. sanctions are in **Table 6**.)

Resolution 1929:[46]

- added several firms affiliated with the Revolutionary Guard firms to the list of sanctioned entities, and made mandatory a ban on travel for Iranian persons named in it and in previous resolutions—including those Iranians for whom there was a nonbinding travel ban in previous resolutions.
- gave 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.
- prohibited countries from allowing Iran to invest in uranium mining and related nuclear technologies, or nuclear-capable ballistic missile technology.
- banned 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."
- required countries to insist that their companies refrain from doing business with Iran *if* there is reason to believe doing so could further Iran's WMD programs.
- requested 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.
- did *not* mandate a ban on shipping insurance for shipments to Iran; international investment in Iran's energy sector; the provision of trade credits to Iran; or all financial dealings with Iranian banks.

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

Table 1. Summary of Provisions of U.N. Resolutions on Iran Nuclear Program (1737, 1747, 1803, and 1929)

Freeze the assets of over 80 named Iranian persons and entities, including Bank Sepah, and several corporate affiliates of the Revolutionary Guard. (Entities named in annexes to each of the resolutions.)
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 (1929)
Require Iran to suspend uranium enrichment, and to refrain from any development of ballistic missiles that are nuclear capable (1929)
Require that countries ban the travel of over 40 named Iranians
Mandates that countries not export major combat systems to Iran (1929)
Calls for "vigilance" (a nonbinding 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. (1929)
A Sanctions Committee, composed of the 15 members of the Security Council, monitors Implementation of all Iran sanctions and collects and disseminates information on Iranian violations and other entities involved in banned activities. A "panel of experts" is empowered by 1929 to assist the U.N. sanctions committee in implementing the Resolution and previous Iran resolutions, and to suggest ways of more effective implementation.

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

International Implementation and Compliance[47]

U.S. and European/allied approaches have converged since 2002, when the nuclear issue came to the fore. Previously, European and other countries had appeared less concerned than is the United States about Iran's support for militant movements in the Middle East or Iran's strategic power in the Persian Gulf—and had been reluctant to sanction Iran to address those issues. Since 2010, this convergence of views has produced an unprecedented degree of global cooperation in pressuring Iran. Many U.S. allies—including several neighbors of Iran, such as UAE and Saudi Arabia—have joined a U.S.-led informal coalition called the "like minded countries" to pressure Iran. And, increasingly, even Iran's neighbors are joining the effort—a result caused by the growing concerns about Iran's nuclear intentions. Some countries have joined the burgeoning sanctions regime not necessarily out of conviction of the efficacy of sanctions but rather as a means of perhaps heading off unwanted military action by the United States or Israel against Iran's nuclear

[47] Note: CRS has no mandate or capability to "judge" compliance or cooperation of any country with U.S., multilateral, or international sanctions against Iran. This section is intended to analyze some of the major themes discussed by experts in assessing the degree to which other countries are helping U.S. policy toward Iran, and bearing in mind there are many other issues and considerations in U.S. relations with the countries discussed here.

facilities. A comparison between U.S., U.N., and EU sanctions against Iran is contained in **Table 3** below, although noting that there are differing legal bases and authorities for these sanctions.

To increase international compliance with all applicable sanctions, on May 1, 2012, President Obama issued an Executive Order (13608) giving the Treasury Department the ability to identify and sanction (cutting them off from the U.S. market) foreign persons who help Iran or Syria evade U.S. and multilateral sanctions.

European Union

The European Union and other Western allies of the United States have closely aligned their sanctions with those of the United States. On November 21, 2011, in a concerted action with those taken by the U.S. Treasury Department (see above under §311 of the Patriot Act), Britain and Canada announced they would no longer do business with Iran's financial institutions, including Iran's Central Bank. Iran's parliament subsequently voted to downgrade relations with Britain, a move that, on November 29, 2011, contributed to the overrunning of the British Embassy in Tehran by pro-government students, with at least the partial apparent complicity of regime security forces. That attack prompted Britain to give all Iranian diplomats 48 hours to leave Britain, and precipitated a European Union meeting on December 1, 2011, that designated an additional 180 Iranian entities, mostly those linked to the Revolutionary Guard, as subject to assets freezes and travel bans. One of the entities is the Islamic Republic of Iran Shipping Lines (IRISL). Canada followed suit by closing its embassy in Tehran in September 2012.

EU Oil Embargo and Central Bank of Iran Cutoff

In joining U.S. efforts to cut Iran's oil export lifeline, on January 23, 2012, the EU decided to:

- Refrain from new contracts to purchase Iranian oil and to wind down existing contracts by July 1, 2012, after which all EU purchases of Iranian oil were to cease. Collectively, the EU bought about 600,000 barrels per day of Iranian oil in 2011, about a quarter of Iran's total oil exports. A planned review on May 1, 2012, was not held because of an EU consensus to proceed with the embargo, despite the effect of the move on the EU's vulnerable economies, such as Spain, Italy, and Greece. Those three countries each bought more than 10% of their imported oil from Iran. Britain and Germany only got about 1% of their oil from Iran, and France about 4%. Saudi Arabia and other suppliers, such as Libya, Iraq, and UAE, are reportedly stepping in as alternative suppliers.
- Ban insurance for shipping oil or petrochemicals from Iran. Even before this took full effect on July 1, 2012, some EU-based insurers reportedly closed their offices in Iran.
- Stop all trade with Iran in gold, precious metals, diamonds, and petrochemical products.
- Freeze the assets of Iran's Central Bank, although transactions would still be permitted for approved legitimate trade.
- Freeze the assets of several Iranian firms involved in shipping arms to Syria or which support shipping by IRISL, and cease doing business with port operator Tidewater (see above).

As discussed above, partly as a consequence of the EU decision, on March 20, 2012, ten EU countries were granted exemptions from any U.S. sanctions imposed under the P.L. 112-81 Central Bank sanctions. Even though the EU countries have adopted the oil embargo, some EU countries criticize aspects of the U.S. sanctions against Iran's Central Bank as a de-facto ban on even civilian trade with Iran, such as in automobiles. This is because financing is often needed to facilitate trade, and the blocking of financing and payments mechanisms limits the capability to trade with Iran.

SWIFT Cutoff

The Belgium-based SWIFT organization (Society for Worldwide International Financial Transfers) announced in February 2012 that it would adopt any EU decision to end transactions with Iranian banks blacklisted by the EU (about 18 Iranian banks that meet that criteria are members of the network). As of March 17, 2012, SWIFT ended transactions with these Iranian banks. Section 220 of P.L. 112-158 requires reports on electronic payments systems such as SWIFT that might be doing business with Iran, and authorizes but does not mandate sanctions against such systems.

Table 2. Top Energy Buyers From Iran and Agreed Reductions

(amounts in barrels per day, bpd)

Country/Bloc	2011	Mid-2012 (pledged targets)
European Union (particularly Italy, Spain, and Greece)	600,000	Negligible as of July 1
China	550,000	450,000
Japan	325,000	210,000
India	320,000	275,000
South Korea	230,000	140,000
Turkey	200,000	160,000
South Africa	80,000	60,000
Malaysia	55,000	45,000
Sri Lanka	35,000	25,000
Taiwan	35,000	25,000
Singapore	20,000	15,000
Other	55,000	40,000
Total	**2.5 mbd**	**1.445 mbd**

Source: International Energy Agency, CRS calculations, press reports, September 2012. The 2012 figures reflect import reductions pledged by the named customer in order to receive Section 1245 exemptions. Actual volumes might differ and import volumes may fluctuate dramatically over short periods of time as actual tanker deliveries occur.

Japan and South Korea

Japan and South Korea have joined the international coalition that is pressuring Iran, in part to maintain their close relations with the United States, but also out of concern about Iran's nuclear program. In September 2010, Japan and South Korea announced Iran sanctions similar to those of the EU, including limiting trade financing for Iran, limiting new banking relations with Iran, sanctioning numerous named Iranian entities, and restricting new projects in Iran's energy sector. On December 16, 2011, South Korea announced new sanctions to align policy with the November 2011 U.S. decision to sanction sales to Iran of energy sector equipment.

Both countries are reducing oil imports from Iran and, as a result, both have been issued sanctions exemptions for at least 180 days under P.L. 112-81. Japan agreed to cut its oil purchases from Iran by about 20% from 2011 levels, and South Korea slightly less so (about 15%), according to regional diplomats. Both countries were concerned about the effects of the EU ban on insuring ships carrying Iranian oil, but they worked around that by setting up new insurance mechanisms.

The continued cooperation of Japan and South Korea is considered by U.S. officials essential to overall U.S. strategy of cutting Iran's exports of oil substantially. Japan's Section 1245 exemption is up for reconsideration in late September, and Korea's by the end of the year. It is likely that the United States will negotiate further Iran oil import reductions with both countries with the aim of retaining their exemptions. Japan's exemption has benefitted its banks, such as Mitsubishi UFJ Financial Group, Mizuho, and Sumitomo Mitsui, that process transactions with Iran's Central Bank.[48]

India

India is implementing U.N. sanctions against Iran but its cultural, economic, and historic ties have made India hesitant to back all aspects of U.S. and EU sanctions on Iran. India appeared to be an enthusiastic supporter of multilateral sanctions when its central bank, in late December 2010, announced that it would no longer use a regional body, the Asian Clearing Union, to handle transactions with Iran. The Asian Clearing Union, based in Tehran, was set up in the 1970s by the United Nations to ease commerce among Asian nations but there have been allegations that Iran was using the Clearing Union to avoid limitations imposed by European and other banks. India's move followed President Obama's visit there in November 2010. With India's purchases of about 310,000 barrels per day of Iranian oil (2011 average) made difficult by the move, in February 2011, India and Iran agreed to use an Iranian bank, Europaisch-Iranische Handelsbank (EIH), to clear the payments. When the EU named EIH and about 100 other entities as Iran proliferation-related activities in May 2011, India and Iran again searched for an alternative payments mechanism, eventually identifying Turkey's Halkbank as an acceptable processor.

The U.S. law sanctioning dealings with Iran's Central Bank (Section 1245 of P.L. 112-81, see above) led Halkbank in January 2012 to withdraw from that arrangement. India took advantage of that new difficulty to force concessions from Iran, including an Iranian agreement in March 2012 to accept payment for about 45% of the oil sales in rupees, India's local currency, which is not convertible. Rupee payments will facilitate the settlement of payments for oil in the form of barter trade, and India does not have to use hard currency to pay Iran for the oil it buys.

The payments difficulties did not, in and of themselves, automatically mean that India would further cut oil imports from Iran—a key to earning an exemption from the sanctions provisions of P.L. 112-81. Since 2008, India has reduced its imports of Iranian oil by volume and as a percentage of India's total oil imports, to the point where Iran (as of May 2012) only supplies

[48] "Japan May Cut Iran Oil Imports by Over 20 Percent" Reuters, February 23, 2012.

about 10% of India's oil imports, down from over 16% in 2008. Asserting that additional reductions would require significant investment to switch over refineries that handle Iranian crude, and would take time, Indian leaders did not, in early 2012, pledge further significant reductions. However, following an early May 2012 visit by Secretary of State Hillary Clinton, Deputy Oil Minister R.P.N. Singh told India's parliament on May 15, 2012, that India would cut Iranian imports by another 11% from May 2012 until the end of India's fiscal year in March 2013. The Obama Administration welcomed the pledge, and India received an exemption in the second tranche of exemptions issued on June 11, 2012.

The increased barter trade might lead to an expansion of India-Iran trade in purely civilian goods. India sent a large trade delegation to Iran (March 10-14, 2012) to discuss increased exports to Iran of staple goods such as sugar and wheat—commodities not subject to international sanctions. An Iranian trade delegation visited India in May 2012. Indian officials say some of their major companies, including the Tata conglomerate, have ended or reduced their business with Iran.

China and Russia

The position of Russia, China, and several other countries—that they will impose only those sanctions specifically required by U.N. Security Council resolutions—has been of concern to several Members of Congress. Members and outside experts have expressed concern that Chinese firms, in particular, might move to fill the void in Iran's energy industry left by vacating European firms ("backfill"), but Administration officials say they have not seen evidence of such a trend. Some Members have also criticized successive Administrations for refusing to sanction Chinese companies for what appear to be clear violations of ISA and other U.S. sanctions provisions.

Russia is an oil exporter itself and a need to preserve oil imports from Iran is therefore not a factor in its Iran policy calculations. However, Russia has earned hard currency from large projects in Iran, such as the Bushehr nuclear reactor, and it also seeks not to provoke Iran into supporting Islamist movements in the Muslim regions of Russia and the Central Asian states.

China

Like India, China appears to be seeking to take advantage of the sanctions for its own purposes, and in so doing signaling to Iran that it disapproves of its behavior. China had said in early 2012 that it would not reduce its oil purchases from their 2011 average level of about 550,000 barrels per day, despite the threat of the U.S. sanctions. Administration officials said on June 11, 2012, that there was dialogue with China intended to persuade it to cut its oil buys from Iran. China reportedly pledged to cut Iranian oil purchases by about 18% (to about 450,000 barrels per day), and it did receive a P.L. 112-81 sanctions exemption on June 28, 2012. Some energy analysis groups say China's purchases might have returned to the 550,000 barrels per day baseline in August 2012, raising questions about whether China's Section 1245 exemption will be renewed in late 2012.

A sustained, continual reduction of China's oil buys from Iran (China bought about 20% of Iran's total oil exports with a value of about $16 billion in 2011) is considered crucial to U.S. strategy of reducing Iranian oil exports. China is Iran's largest single customer. That amount has been sufficient to offset the approximately $12 billion in goods Iran buys from China, meaning that China has to settle only this $4 billion owed to Iran. Treasury Department officials say China does not make extensive use of payments through Iran's Central Bank, and press and other reports say that the $4 billion is being largely settled in local currency or with additional Chinese exports of goods. In April 2012, press reports said some of the payments due Iran are settled in gold.

An even more significant concern is that China may be refusing or failing to prevent Iran from acquiring weapons and WMD technology. Secretary of State Clinton singled out China on January 19, 2011, as not enforcing all aspects of international sanctions that bar sales of most nuclear-related equipment to Iran; the comment came of the eve of the state visit to the United States by President Hu Jintao. On March 9, 2011, State Department Special Adviser for Non-Proliferation and Arms Control, Robert Einhorn, said Iran may be working with Chinese firms to obtain sensitive technology useful for nuclear weapons development. In some cases, Iran has been able, according to some reports, to obtain sophisticated technology from U.S. firms.[49]

Turkey/Caucuses

Turkey is a large buyer of Iranian oil; in 2011, it averaged 196,000 bpd. Turkey also buys natural gas from Iran through their mutual pipeline. Turkey, which has sometimes sought to mediate between Iran and the Western countries, initially did not pledge to reduce its oil buys from Iran in response to U.S. sanctions on Iran's Central Bank. However, Turkish officials and press reports in late March 2012, indicated that Turkey would cut its buys from Iran by 10%-20%. As an apparent result, Turkey got a P.L. 112-81 sanctions exemption on June 11, 2012. Its exemption is up for reconsideration later in September 2012.

Turkey has, on several occasions, blocked or impounded Iranian arms and other contraband shipments bound for Syria or Lebanese Hezbollah. This was discussed in the June 12, 2012 report on sanctions implementation by the U.N. panel of experts chartered by Resolution 1929.

Armenia

Press reports say Iran is looking to neighboring Armenia, with which it has extensive trade relations, as a possibly ally to circumvent international sanctions on Iran's financial industry. Armenia has said its banking controls are strong and that Iran is unable to process transactions illicitly through Armenia's banks.[50]

Persian Gulf and Other Regional States

The Persian Gulf countries are, themselves, oil exporters, and their role is evaluated for their potential to compensate for reduction in other country purchases of oil from Iran. Those Gulf states with spare capacity, particularly Saudi Arabia, have been willing to fully supply the market, and their cooperation with other U.S. sanctions against Iran, such as on preventing the reexportation to Iran of U.S. technology, and halting banking relationships with and gasoline sales to Iran, is improving. This is a departure from the recent past, in which the Gulf states appeared hesitant to provoke Iran's wrath by siding with U.S.-led sanctions. These considerations are discussed in detail in CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by

[49] 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.

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

Kenneth Katzman. That report discusses the relations between Iran and other Middle Eastern states such as Syria.

Still, the UAE is very closely watched by U.S. officials because of its historic extensive business dealings with Iran. U.S. officials offered substantial praise for the decision announced March 1, 2012, by Dubai-based Noor Islamic Bank to end transactions with Iran. Iran reportedly used the bank to process a substantial portion of its oil payments. UAE representatives say that Iranian banks still operating in UAE conduct transactions only in cash, leaving them virtually inactive, but that ordering them closed outright would provoke Iran unnecessarily.

Afghanistan

Some reports say that Iranian currency traders are using Afghanistan to acquire dollars. In Afghanistan, where donor spending is high, the dollar operates as a second national currency. Iranian traders—acting on behalf of wealthy Iranians seeking to preserve the value of their savings—are said to be carrying local currency to Afghanistan to buy up some of the dollars available there. There are also allegations that Iran is using an Iran-owned bank in Afghanistan, Arian Bank, to move funds in an out of Afghanistan. The Treasury Department has warned Afghan traders not to process dollar transactions for Iran.

Latin America

Iran is looking to several Latin American countries, including Venezuela, Cuba, Ecuador, Nicaragua, and Bolivia, to try to reduce the effects of international sanctions. Iran believes that these and other Latin American countries might be willing, in part because of their own differences with the United States, to conduct certain transactions with Iran that might be sanctionable. Venezuela appears willing to help Iran and, as noted earlier in this report, its state oil company has been sanctioned under the ISA. For the most part, however, Iran's trade and other business dealings with Latin America remain modest and likely to reduce the effect of sanctions on Iran marginally at most.

Africa

As noted above, countries in Africa are not major customers for Iranian oil, with the exception of South Africa. However, U.S. officials are concerned that Iran might increasingly look to countries in Africa to help it circumvent international sanctions.

In June 2012, Kenya contracted to buy about 30 million barrels of Iranian oil, but cancelled the contract the following month after the United States warned that going ahead with the purchase could hurt U.S.-Kenya relations. In late June 2012, Representative Howard Berman sent a letter to Tanzania's president warning that Tanzania could face aid cuts or other punishments if it continued to "re-flag" Iranian oil tankers.[51] Tanzania has re-flagged about 6-10 Iranian tankers. Perhaps fearing similar criticism, in September 2012 Sierra Leone removed nine vessels from its shipping register after determining they belonged to IRISL.

[51] "Tanzania Must Stop Re-Flagging Iran Tankers: U.S. Lawmaker." Reuters, June 29, 2012.

Contrast With Previous Periods

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.[52] 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.

World Bank Loans

The July 27, 2010, EU measures narrowed substantially the prior differences between the EU and the United States over international lending to Iran. 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. (In the 111th Congress, a provision of H.R. 6296—Title VII—cut off U.S. contributions to the World Bank, International Finance Corp., and the Multilateral Investment Guarantee Corp. if the World Bank approves a new Country Assistance Strategy for Iran or makes a loan to Iran.)

[52] 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.

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 3. Comparison Between U.S., U.N., and EU and Allied Country Sanctions

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
General Observation: Most sweeping sanctions on Iran of virtually any country in the world	Increasingly sweeping, but still intended to primarily target Iran's nuclear and other WMD programs. No mandatory sanctions on Iran's energy sector.	EU abides by all U.N. sanctions on Iran, and new sanctions imposed by EU countries since July 27, 2010, closely aligns EU sanctions with those of the U.S. Japan and South Korean sanctions also increasingly extensive.
Ban on U.S. Trade with and Investment in Iran: Executive Order 12959 bans (with limited exceptions) U.S. firms from exporting to Iran, importing from Iran, or investing in Iran. There is an exemption for sales to Iran of food and medical products, 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 but, as a consequence of the January 23, 2012, EU move to ban purchases of oil from Iran and freeze assets of its Central Bank, EU sanctions are now nearly as extensive as the United States. EU trade with Iran restricted by Jan. 23, 2012, EU freeze on Tidewater port operator assets, complicating offloading of many goods at Iranian ports. Other major oil customers of Iran cutting their purchases, as discussed above. Japan and South Korea also have banned medium- and long-term trade financing and financing guarantees.
Sanctions on Foreign Firms that Do Business With Iran's Energy Sector: The Iran Sanctions Act, P.L. 104-172, CISADA, several Executive Orders, and H.R. 1905 mandate sanctions on firms that conduct virtually any type of transaction with/in Iran's energy sector. Exemptions are permitted for firms of countries that have "significantly reduced" purchases of Iranian oil each 180 days.	No U.N. equivalent exists. However, preambular language in Resolution 1929 "not[es] the potential connection between Iran's revenues derived from its energy sector and the funding of Iran's proliferation-sensitive nuclear activities." This wording is interpreted by most observers as providing U.N. support for countries who want to ban their companies from investing in Iran's energy sector.	As of July 1, 2012, EU to ban oil purchases from Iran, financing for energy sector projects in Iran, shipping insurance for tankers trade with Iran in petrochemicals and other energy sector equipment, and insurance for shipping of such products (oil, petrochemicals) from Iran. Japanese and South Korean measures ban new energy projects in Iran and call for restraint on ongoing projects. South Korea in December 2011 cautioned its firms not to sell energy or petrochemical equipment to Iran.

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
Ban on Foreign Assistance: U.S. foreign assistance to Iran—other than purely humanitarian aid—is banned under §620A of the Foreign Assistance Act. 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 §7007 of division H of P.L. 111-8).	No U.N. equivalent	EU measures of July 27, 2010, ban grants, aid, and concessional loans to Iran. Also prohibit financing of enterprises involved in Iran's energy sector. Japan and South Korea measures do not specifically ban aid or lending to Iran, but no such lending by these countries is under way.
Ban on Arms Exports to Iran: Because Iran is on the "terrorism list," it is ineligible for U.S. arms exports pursuant to §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 a and to comply with U.N. Security Council Resolutions.	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. No similar Japan and South Korean measures announced, but neither has exported arms to Iran.
Restriction on Exports to Iran of "Dual Use Items": Primarily under §6(j) of the Export Administration Act (P.L. 96-72) and §38 of the Arms Export Control Act, there is a denial of license applications to sell Iran goods that could have military applications.	The U.N. Resolutions on Iran, cumulatively, ban the export of almost all dual-use items to Iran.	EU bans the sales of dual use items to Iran, in line with U.N. resolutions. Japan announced full adherence to strict export control regimes when evaluating sales to Iran. South Korea has adopted similar policies.
Sanctions Against International Lending to Iran: Under §1621 of the International Financial Institutions Act (P.L. 95-118), U.S. representatives to international financial institutions, such as the World Bank, are required to vote against loans to Iran by those institutions.	Resolution 1747 (oper. paragraph 7) requests, but does not mandate, that countries and international financial institutions refrain from making grants or loans to Iran, except for development and humanitarian purposes.	The July 27, 2010, measures prohibit EU members from providing grants, aid, and concessional loans to Iran, including through international financial institutions. No specific similar Japan or South Korea measures announced.

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
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. 102-484) 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. Japan and South Korea froze assets of U.N.-sanctioned 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, but Resolution 1747 (oper. paragraph 5) bans Iran from exporting any arms—a provision widely interpreted as trying to reduce Iran's material support to groups such as Lebanese Hizbollah, Hamas, Shiite militias in Iraq, and insurgents in Afghanistan.	No direct equivalent, but many of the Iranian entities named as blocked by the EU, Japan, and South Korea overlap or complement Iranian entities named as terrorism supporting by the United States.
Travel Ban on Named Iranians: CISADA and H.R. 1905 provide for a prohibition on travel to the U.S., blocking of U.S.-based property, and ban on transactions with Iranians determined to be involved in serious human rights abuses against Iranians since the June 12, 2009, presidential election there, or with persons selling Iran equipment to commit such abuses.	Resolution 1803 imposed a binding ban on international travel by several Iranians named in an Annex to the Resolution. Resolution 1929 extended that ban to additional Iranians, and forty Iranians are now subject to the ban. However, the Iranians subject to the travel ban are so subjected because of their involvement in Iran's WMD programs, not because of involvement in human rights abuses.	The EU sanctions announced July 27, 2010, contains an Annex of named Iranians subject to a ban on travel to the EU countries. An additional 60+ Iranians involved in human rights abuses were subjected to EU sanctions since. Japan and South Korea have announced bans on named Iranians.
Restrictions on Iranian Shipping: Under Executive Order 13382, the U.S. Treasury Department 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. Japan and South Korean measures took similar actions against IRISL and Iran Air.

U.S. Sanctions	U.N. Sanctions	Implementation by EU and Some Allied Countries
Banking Sanctions: During 2006-2011, several Iranian banks have been named as proliferation or terrorism supporting entities under Executive Orders 13382 and 13224, respectively (see **Table 6** at end of report). CISADA prohibits banking relationships with U.S. banks for any foreign bank that conducts transactions with Iran's Revolutionary Guard or with Iranian entities sanctioned under the various U.N. resolutions. November 21, 2011: Treasury Department names Iranian financial sector as a jurisdiction of primary money laundering concern. December 31, 2011: President Obama signed Defense Authorization (P.L. 112-81) preventing U.S. accounts with foreign banks that process transactions with Iran's Central Bank.	No direct equivalent However, two Iranian banks are named as sanctioned entities under the U.N. Security Council resolutions.	The EU freeze on Iran Central Bank assets announced January 23, 2012, closely align EU sanctions on this issue with those of the United States. In July 2012, the EU prohibited 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 regulators. November 21, 2011: Britain and Canada bar their banks from any transactions with Iran Central Bank. March 2012: Brussels-based SWIFT says expelled sanctioned Iranian banks from the electronic payment transfer system. Japan and South Korea measures similar to the 2010 EU sanctions, with South Korea adhering to the same 40,000 Euro authorization requirement. Japan and S. Korea froze the assets of 15 Iranian banks; South Korea targeted Bank Mellat for freeze.
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. 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.

Effectiveness of Sanctions on Iran

Assessing the effectiveness of U.S. and international sanctions depends upon which goals are being examined. The following sections examine the effectiveness of sanctions according to a variety of criteria.

Effect on Iran's Nuclear Program Decisions and Capabilities

There is a consensus that U.S. and U.N. sanctions have not, to date, accomplished their core strategic objective of compelling Iran to verifiably limit its nuclear development to purely peaceful purposes. By all accounts—the United States, the P5+1, the United Nations, the International Atomic Energy Agency (IAEA)—Iran has not complied with the applicable provisions of the U.N. Security Council resolutions requiring that outcome.

This assessment might be altered depending on the outcome of a process of nuclear talks with Iran that began in Istanbul during April 13-14, 2012, and continued in Baghdad on May 23-24, 2012, and in Moscow during June 18-19, 2012. Technical level talks since then have been intended to determine if and when P5+1 – Iran talks might resume, but no agreement has been announced for a resumption. The 2012 talks have discussed specific proposals that might build confidence for eventual resolution of the nuclear issue, but Iran has demanded an early lifting of the EU oil embargo and other sanctions. The Administration argues that Iran's expressed willingness to bargain seriously indicates that sanctions are affecting leadership calculations, but others, particularly senior leaders in Israel, see Iran as using talks to play for time to further develop its nuclear program.

Counter-Proliferation Effects

A related issue is whether the cumulative sanctions have directly set back Iran's nuclear efforts by making it difficult for Iran to import needed materials or skills. In a speech on November 22, 2011, National Security Adviser Tom Donilon said:

> The effect of these sanctions has been clear. Coupled with mistakes and difficulties in Iran, they have slowed Iran's nuclear efforts. Sanctions and export control efforts have made it more difficult and costly for Iran to acquire key materials and equipment for its enrichment program, including items that Iran cannot produce itself.[53]

Others, however, say that there is not clear evidence that sanctions are slowing Iran's program. International Atomic Energy Agency (IAEA) reports have consistently said that Iran's stockpile of low-enriched uranium continues to expand, as do its holdings of 20% enriched uranium.[54]

Other Strategic Effects

Sanctions against Iran have not, to date, clearly reduced Iran's influence in the Middle East or its strategic capabilities in the Persian Gulf region. Iran continues to financially and militarily support militant movements in the Middle East, including the exportation of arms to some of these movements, and to Syria, in contravention of U.N. Resolution 1747. Iran's shipment of arms is discussed in the U.N. Panel of Experts report of June 12, 2012 (U.N. document S/2012/395), discussed earlier.

A Defense Department report of April 2012, required by P.L. 111-84, discusses Iran's increasing capabilities in short range ballistic missiles and other weaponry, as well as acquisition of new

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

[54] http://www.isisnucleariran.org/assets/pdf/IAEA_Iran_Report_24February2012.pdf

ships and submarines.[55] It is not clear if any country violated Resolution 1929 to sell Iran ships or submarines, or if Iran made them itself. The report also discusses Iran's continued development of medium range ballistic missiles. The assessment suggests that Iran is continuing to develop its advanced conventional military capabilities despite international sanctions. The issues of Iran's regional influence and conventional capabilities are discussed in CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, cited earlier.

General Political Effects

The international community has hoped that international sanctions might strengthen those in Iran who might argue that Iran's nuclear program is carrying too high a cost. There has been a split since early 2011 between President Ahmadinejad and the Supreme Leader. Factions loyal to the Supreme Leader were the clear winners of the March 2012 parliamentary elections, leaving Ahmadinejad largely marginalized until his term ends in 2013. However, these political splits do not appear to be driven primarily by differences over international sanctions, and do not include apparent major differences among key leaders on the nuclear issue.

One U.S. intelligence official told journalists in January 2012 that the Administration believes sanctions could also be used to undermine the Iranian regime outright, although that is not the widely stated goal of U.S. and international sanctions.[56] Many Iranians appear to blame the regime for bringing on sanctions by refusing to compromise on the nuclear program, but many blame the United States and its partners for imposing sanctions that hurt the population perhaps more than they do the regime. Some Iranian homemakers boycotted their bazaar merchants in June 2012 because of an escalation in the price of baby milk and other staples, and there was a riot in the town of Nishapur in late July because the price of chicken, a staple of many Iranian dishes, had escalated beyond the reach of many families. However, these demonstrations of frustration did not appear to manifest as overt political demands. Iran's population, whether opposed to or supportive of the government now, have lived through deprivation during the 1980-1988 Iran-Iraq War. The opposition Green movement has remained largely absent from the streets since late 2009.

The regime also closely watches the attitudes and opinions of Iran's influential merchant class ("*bazaaris*"). The *bazaaris*' shift against the former shah of Iran was key to his downfall. The bazaaris have tended to support the current regime as a provider of economic stability, but they could shift if the economy declines even more sharply. There are anecdotal indications of *bazaari* complaints about the regime's inability to parry ever-increasing international sanctions, but no recent organized opposition has emanated from this constituency.

Labor is also a key interest group. Labor strikes, particularly in the oil sector, were also key to the 1979 downfall of the shah's rule. There were anecdotal reports of labor unrest in 2011, including strikes for overdue pay, but these strikes did not appear to have overtly political objectives.

[55] Department of Defense. Annual Report of Military Power of Iran. April 2012.

[56] Karen DeYoung and Scott Wilson. "Public Ire Is One Goal of Sanctions Against Iran, U.S. Official Says." *Washington Post*, January 11, 2012.

Human Rights Effects

U.S. and international sanctions have not, to date, had a measurable effect on human rights practices in Iran. However, sanctions have caused several firms to stop assisting Iran's repression of its people. For example, German telecommunications firm Siemens (accused of selling technology that Iran used to monitor the Internet) announced on January 27, 2010, that it would stop signing new business deals in Iran as of mid-2010.[57] A large Chinese firm, Huawei, was also accused by activists of selling Iran Internet monitoring or censorship gear as part of its work in Iran's communications industry although there was no clear information that it had done so. In December 2011, Huawei announced it was no longer seeking new business in Iran and withdrawing its sales staff there. A South African firm MTN Group, owns 49% of Irancell and has been accused by some groups of acting on the Iranian government to shut down some social network services during times of protest in Iran.[58] On August 8, 2012, MTN announced it is in talks with U.S. officials about how to move its assets out of Iran—an apparent attempt to reduce its involvement in the Iran market.

Still, several major telecommunications firms are said to still be active in Iran including Deutsche Telekom; Emirates Telecom, Eutelsat; LG Group; NEC Corporation, and Asiasat.

Economic Effects

The accumulation of international, bilateral, and multilateral sanctions is beginning to take a dramatic toll on Iran's economy, by the admission of Iranian leaders as well as anecdotal observations of visitors and contacts with Iranian citizens. Ahmadinejad acknowledged to the *Majles* in late December 2011 that Iran is shut out of the international banking system, and he stated on July 3, 2012, that the sanctions (as of the July 1 EU oil embargo) were the most onerous in Iran's history, although he added they would not affect its position on the nuclear issue.

Some leaders, at times, have sought to downplay the economic effects of the sanctions. In mid-April 2012, Ahmadinejad said Iran had enough reserve funds to hold out for two to three years even without any oil sales. The Central Bank of Iran bolstered that assertion on July 1, 2012, by saying Iran has $150 billion in foreign exchange reserves. Supreme Leader Ali Khamene'i said on July 11, 2012, that decades of sanctions had "vaccinated" Iran from the effects of current sanctions (referring to the EU embargo) because Iran had, in that time, developed self-sufficiency.

The specific effects on Iran's economy include the following:

- The EU oil embargo and the restrictions on transactions with Iran's Central Bank have had significant adverse effects on Iran, with the potential to cripple the country economically. Oil sales account for about 70% of government revenue. Secretary Clinton said on June 28, 2012, that Iran had already lost 1 million barrels per day in sales. Sales appear to have fallen further to about 1 million barrels per day in July, although some energy groups say sales recovered to nearly 1.5 million barrels per day in August 2012. Still, Iran's exports are likely to fall to about 1 million barrels per day as the Administration negotiates a

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

[58] http://www.examiner.com/article/obama-adviser-plouffe-received-100-000-from-iranian-associated-firm

second round of cuts (second 180 day period) with remaining buyers in consideration of retaining their Section 1245 exemptions (see above). Reducing Iran to below 1 million barrels per day in oil sales consistently might depend on whether U.S. officials are able to persuade China—which now buys nearly half of Iran's oil—to further cut its buys from Iran, and to sustain such cuts.

- The sales losses Iran is experiencing are likely to produce over $40 billion in revenue losses in a one year period at current oil prices. At that level of revenue loss, Iran will likely be forced to draw down its reserves to maintain the population's standard of living, and Iran would have little ability to maintain those standards once its financial reserve is depleted. Iran might also be compelled by the losses to trim defense and WMD program spending.
- Iran has been storing some unsold oil on tankers in the Persian Gulf, and it is building new storage tanks on shore. Iran has stored excess oil to try to keep production levels up—shutting down wells risks harming them and it is costly and time consuming to resume production at a well that has been shut. However, as of July 2012, Iran reportedly has been forced to shut down some wells, and overall oil production fell in August 2012 to about 2.6 million barrels per day from the level of nearly 4.0 mbd at the end of 2011.
- Compounding the loss of sales by volume is that many of its oil transactions reportedly are now conducted on a barter basis—or in exchange for gold, which is hard currency but harder to use than cash.
- The deprivation of hard currency is causing a reduction in the value of Iran's currency, the rial. The effects of existing sanctions, and the worry about further sanctions, have reportedly driven the value of the rial down from about 13,000 to the dollar in late September 2011 to about 28,000 to the dollar as of mid-September 2012 – including a precipitous decline from about 23,000 to the dollar to the 28,000 to the dollar level in the first two weeks of September 2012. Some experts attribute the decline to the movement of money by the middle and upper class out of the country to preserve the value of their savings. The government has been unable to stanch the decline with measures such as raising official interest rates. On September 11, 2012, some Iranian parliamentarians called on the Central Bank to intervene to prop up the currency.
- On the other hand, some believe that the regime is not affected by the currency fall because it still has access to hard currency and can use it to buy rials—or services denominated in rials—cheaply. At the same time, some Iranians are profiting through purchases of assets, such as homes, partly mitigating the effects of the overall economic deterioration.
- These difficulties—shipping, currency devaluation, and others—have driven up the costs to the Iranian trading community by an estimated 40%-60%.[59] The EU estimates its overall exports to Iran have fallen by 32% from 2011 levels, meaning Iran is likely being deprived of many needed European-made goods for its factories and stores. Some Iranian merchants are said to be making increased used of *hawala* and other traditional payments mechanisms because of the inability to conduct normal external banking transactions. Some merchants have

[59] "Iran's Gateway in Dubai Highlights Sanctions Bite." *Associated Press*, February 1, 2011.

reportedly gone out of business since late 2011 because of the economic conditions, and have had to lay off workers.

- Suggesting Iran's operating budget is already struggling, some reports say the government has fallen behind in its payments to military personnel and other government workers. Others say the government has begun "means testing" in order to reduce social spending payments (such as subsidy compensation, discussed below) to some of the less needy families.
- Beyond the issue of the cost of imported goods, the Treasury Department's designations of affiliates and ships belong to Islamic Republic of Iran Shipping Lines (IRISL) reportedly are harming Iran's ability to ship goods at all, and have further raised the prices of goods to Iranian import-export dealers. Some ships have been impounded by various countries for nonpayment of debts due on them. A substantial portion of the Iranian economy depends on import-export activity, so the damage to the merchant community from international sanctions has been considerable. Further effects are likely in light of the EU's freeze on shipping insurance as of July 1, 2012, and the assets of Tidewater Middle East Company in January 2012; the firm operates many of Iran's ports and ports in neighboring countries that service ships headed to Iran.

Foreign Companies Exiting the Iran Market

The sanctions have caused Iran to be viewed by international firms as "radioactive," causing many international firms to exit the Iranian market even if doing so (for non-U.S. firms) is not required by any U.N. sanction. Many experts believe that, over time, the efficiency and output of Iran's economy will decline as foreign expertise departs and Iran attracts alternative investment from or imports goods from less capable foreign companies. On the other hand, travelers to Iran say many foreign products, including U.S. products such as Apple iPhones, are readily available in Iran, suggesting that such products are being reexported to Iran from neighboring countries. Examples of major non-U.S. companies discontinuing business with Iran include the following:

- ABB of Switzerland said in January 2010 it would cease doing business with Iran.
- Siemens of Germany was active in the Iran telecommunications infrastructure market, but announced in February 2010 that it would cease pursuing business in Iran. Finemeccanica, a defense and transportation conglomerate of Italy, followed suit, as did Thyssen-Krupp, a German steelmaker.
- Germany's Daimler (Mercedes-Benz maker) said in April 2010 it would freeze planned exports to Iran of cars and trucks and Porsche reportedly has suspended its sales in Iran as well. Italian carmaker Fiat reportedly has pulled out of the Iran market.
- Finnish mobile phone maker Nokia reportedly has stopped selling phones in Iran.
- French carmaker Peugeot, which produces cars locally in partnership with Iran's Khodro Group, has said it will suspend its operations in Iran from July 1, 2012. Peugeot is 7% owned by General Motors. GM is not known to have any involvement in or to supply any GM content to the Peugeot Iran activities, as such GM involvement would violate the U.S. trade ban in effect for Iran.

- In August-September 2010, Japan and South Korea announced that their automakers Toyota, Hyundai, and Kia Motors would cease selling automobiles to Iran. However, it is unclear whether all South Korean car sales to Iran ceased—in June 2012, South Korean trade officials said exports to Iran, including Samsung mobile phones and Hyundai cars, would only be approved if their payment period were 180 days or less. This restriction is to protect against Iranian payments defaults because of the severe economic pressure Iran is under.
- Attorneys for BNP Paribas of France told the author in July 2011 that, as of 2007, the firm was pursuing no new business in Iran, although it was fulfilling existing obligations in that market.
- On June 30, 2011, according to press reports, the Danish shipping giant Maersk told Iran that it would no longer operate out of Iran's three largest ports. The firm's decision reportedly was based on the U.S. announcement on June 23, 2011, that it was sanctioning the operator of those ports, Tidewater Middle East Co., as a proliferation entity under Executive Order 13382. The pullout of Maersk will likely further raise shipping costs.
- The State Department reported on September 30, 2010, that Hong Kong company NYK Line Ltd. had ended shipping business with Iran (on any goods).
- Persuading oil services firms to exit Iran was the intent of Executive Order 13590 of November 21, 2011, which makes such activity sanctionable. Well before the order was issued, one large oil services firm Schlumberger, which in incorporated in the Netherlands Antilles, said it will wind down its business with Iran. However, press reports citing company documents say all contracts with Iran might not be terminated until at least 2013.[60]
- As discussed above, Indian diplomats told the author in April 2012 that the large conglomerate Tata is ending its business in Iran.

Foreign Firms Reportedly Remaining in the Iran Market

Some firms continue to run the financial risk of doing business with Iran. Some of the well-known firms that continue to do so include Alcatel-Lucent of France; Bank of Tokyo-Mitsubishi UFJ; Bosch of Germany; Canon of Japan; 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; and numerous others. Some of the foreign firms that trade with Iran, such as Mitsui and Co. of Japan, Alstom of France, and Schneider Electric of France, are discussed in a 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. Other firms that work in Iran's telecommunications sector are discussed in the section above on sanctions to hinder Iran's ability to monitor the Internet.

Other questions have arisen over how U.S. sanctions might apply to business with foreign firms that Iran might acquire a full or partial interest in. Such firms include Daewoo Electronics of South Korea, where an Iranian firm—Entekhab Industrial Corp.—bid to take over that firm. Another example is Adabank of Turkey, which reportedly might be sold to Iran.

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

Subsidy Phase-Out Issue

An issue that Iran hoped would counteract some sanctions effects was a long-delayed plan to phase out state subsidies on staple goods such staples as gasoline and some foods. International sanctions might have helped Ahmadinejad convince the Majles (parliament) that passing the subsidy reduction plan was urgent if Iran was to parry the effects of burgeoning international sanctions. After several delays, the program started on December 19, 2010, with a reduction in subsidies of gasoline and bread. Gasoline prices now run on a tiered system in which a small increment is available at the subsidized price of about $1.60 per gallon, but amounts above that threshold are available only at a price of about $2.60 per gallon, close to the world price. The lower and lower middle class is being compensated with direct cash payments of about $40 per month.[61] An IMF report of August 2011, discussed above, said that the phase-out removed about $60 billion in costs from Iran's budget. However, some Iranian economists say that 63 million Iranians qualify for the compensatory cash payments and that this costs the government nearly all of the savings incurred from the subsidy phase-out.

Effect on Energy Sector Infrastructure and Development

As noted throughout, the U.S. objective has been to focus sanctions against Iran's energy sector, considered the engine of Iran's economy currently and in the future. Beyond the effect of the EU oil embargo, the Iran Sanctions Act penalties and overall reluctance of major firms to remain in Iran's energy sector have caused Iran to decline as a global energy producer. Even before the international community began leaving Iran's energy sector, Iran was having trouble maintaining production at a level of 4 mbd, let alone increasing production. Without foreign help, Iranian energy firms are unable to derive maximum yield from existing fields or efficiently and effectively develop new fields.

U.S. officials in 2011 said that Iran has lost $60 billion in investment as numerous major firms have either announced pullouts from some of their Iran projects, declined to make further investments, or resold their investments to other companies. It is therefore highly unlikely that Iran will attract the $145 billion in new investment by 2018 that Iran's deputy Oil Minister said in November 2008 that Iran needs. Similar estimates come from independent Iranian energy experts, who say that, as of October 2011, the sector needs $130 billion in investment from 2011 until 2020.[62] Observers at key energy fields in Iran say there is little evidence of foreign investment activity and little new development activity sighted, including at the large South Pars gas field that Iran has focused on for at least 10 years.

Others maintain that Iran's gas sector can compensate for declining oil exports, although Iran has used its gas development primarily to reinject into its oil fields rather than to export. Iran exports about 3.6 trillion cubic feet of gas, primarily to Turkey, but also to Armenia. On the other hand, sanctions have rendered Iran unable to develop a liquefied natural gas (LNG) export business, thereby reducing the benefits Iran gets from its ample gas reserves. Some Members of Congress believe that ISA would have been even more effective in injuring Iran's energy sector if successive administrations had imposed ISA sanctions more aggressively.

[61] Erdbink, Thomas. "Leaving Iran's Middle Class Behind." *Washington Post,* November 7, 2010.

[62] Khajehpour presentation at CSIS. Op. cit.

A Government Accountability Office (GAO) report of August 3, 2011, contains tables that discuss those firms that have discontinued commercial activity in Iran's energy sector, as well as those still operating and investing.[63] **Table 3** shows international firms that have invested or remain invested in Iran's energy sector. Some of them have not been determined to have violated ISA and may be under investigation by the State Department. As discussed above, some firms have been sanctioned, and others have avoided sanctions either through Administration waivers or invocation of the "special rule."

The EU sanctions apparently have also derailed a BP-NIOC joint venture in the Rhum gas field, 200 miles off the coast of Scotland. BP announced in November 2010 that it would stop production there to ensure compliance with the EU sanctions. In addition, partners in the Trans-Adriatic Pipeline (TAP) said in September 2010 that the pipeline would not be used to transport Iranian gas to Europe.

Concerns About "Backfill"

There has been a concern that some of the investment void might be "backfilled," at least partly, by Asian firms such as those from China, Malaysia, Vietnam, and countries in Eastern Europe. However, many such deals are said to be in preliminary stages, and clear examples of "backfilling" are few, to date. Most of the companies that might backfill abandoned projects are perceived as not being as technically capable as those that have withdrawn from Iran.

To try to mitigate the trend in Iran has been that the "backfill" is being conducted by domestic companies, particularly those controlled or linked to the Revolutionary Guard (IRGC). Deals with Polish and Russian firms fell apart in late 2011, and their projects reportedly were taken over by domestic Iranian firms. Still, backfill by Iranian firms has potential pitfalls because foreign firms are reluctant to partner with IRGC firms, which are increasingly targeted by international sanctions. 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.[64] Khatem ol-Anbiya took over that project in 2006 when Norway's Kvaerner pulled out of it.

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

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Feb. 1999	**Doroud (oil)** (Energy Information Agency, Department of Energy, August 2006.) Total and ENI exempted from sanctions on September 30 because of pledge to exit Iran market	Total (France)/ENI (Italy)	$1 billion	205,000 bpd
April	**Balal (oil)**	Total/ Bow Valley	$300 million	40,000 bpd

[63] GAO. GAO-11-855R. Firms Reported in Open Sources As Having Commercial Activity in Iran's Oil, Gas, and Petrochemical Sectors. August 3, 2011.

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

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

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
October 2002	**Phase 6, 7, 8, South Pars (gas)** (Source: Statoil, May 2011) Field began producing late 2008; operational control handed to NIOC in 2009. Statoil exempted from sanctions on 9/30/2010 because Statoil pledged to exit Iran market.	Statoil (Norway)	$750 million	3 billion cfd
January 2004	**Azadegan (oil)** ("Japan Mulls Azadegan Options." APS Review Oil Market Trends, November 27, 2006.) October 15, 2010: Inpex announced it would exit the project by selling its stake; "special rule" exempting it from ISA investigation invoked November 17, 2010.	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** Oil found in block in Feb. 2009, but not in commercial quantity, according to the firm. ("Iran-Petrobras Operations." APS Review Gas Market Trends, April 6, 2009; "Brazil's Petrobras Sees Few Prospects for Iran Oil," (http://www.reuters.com/article/ idUSN0317110720090703.)	Petrobras (Brazil)	$178 million	No production
October 2004	**Yadavaran (oil)** Formal start of development of the field still delayed as of September 2011 ("China Curbs Iran Energy Work," Reuters, September 2, 2011)	Sinopec (China), deal finalized Dec. 9, 2007	$2 billion	300,000 bpd
2005	**Saveh bloc (oil)** GAO report, cited below	PTT (Thailand)	?	?
June 2006	**Garmsar bloc (oil)** Deal finalized in June 2009 ("China's Sinopec signs a deal to develop oil block in Iran—report," Forbes, 20 June 2009, http://www.forbes.com/feeds/ afx/2006/06/20/afx2829188.html.)	Sinopec (China)	$20 million	?
July 2006	**Arak Refinery expansion** (GAO reports; Fimco FZE Machinery website; http://www.fimco.org/index.php? option=com_content&task=view&id=70& Itemid=78.)	Sinopec (China); JGC (Japan). Work may have been taken over or continued by Hyundai Heavy Industries (S. Korea)	$959 million (major initial expansion; extent of Hyundai work unknown)	Expansion to produce 250,000 bpd
Sept. 2006	**Khorramabad block (oil)** Seismic data gathered, but no production is planned. (Statoil factsheet, May 2011)	Norsk Hydro and Statoil (Norway).	$49 million	?

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
Dec. 2006	**North Pars Gas Field (offshore gas).** Includes gas purchases Work crews reportedly pulled from the project in early-mid 2011. ("China Curbs Iran Energy Work" Reuters, September 2, 2011)	China National Offshore Oil Co.	$16 billion	3.6 billion cfd
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
Feb. 2007	**Phase 13, 14—South Pars (gas)** Deadline to finalize as May 20, 2009, apparently not met; firms submitted revised proposals to Iran in June 2009. (http://www.rigzone.com/news/article.asp?a_id=77040&hmpn=1.) State Department said on September 30, 2010, that Royal Dutch Shell and Repsol have ended negotiations with Iran and will not pursue this project any further	Royal Dutch Shell, Repsol (Spain)	$4.3 billion	?
March 2007	**Esfahan refinery upgrade** ("Daelim, Others to Upgrade Iran's Esfahan Refinery." *Chemical News and Intelligence*, March 19, 2007.)	Daelim (S. Korea)		NA
July 2007	**Phase 22, 23, 24—South Pars (gas)** Pipeline to transport Iranian gas to Turkey, and on to Europe and building three power plants in Iran. Contract not finalized to date.	Turkish Petroleum Company (TPAO)	$12. billion	2 billion cfd
Dec. 2007	**Golshan and 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. Belarusneft, a subsidiary of Belneftekhim, sanctioned under ISA on March 29, 2011. Naftiran sanctioned on September 29, 2010, for	Belarusneft (Belarus) under contract to Naftiran. No production to date	$500 million	40,000 bpd

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
	this and other activities.			
2008	**Dayyer Bloc (Persian Gulf, offshore, oil)** GAO report cited below	Edison (Italy)	$44 million	?
Feb. 2008	**Lavan field (offshore natural gas)** GAO report cited below invested. PGNiG invested, but delays caused Iran to void PGNiG contract in December 2011. Project to be implemented by Iranian firms. (Fars News, December 20, 2011)	PGNiG (Polish Oil and Gas Company, Poland)	$2 billion	
March 2008	**Danan Field (on-shore oil)** "PVEP Wins Bid to Develop Danan Field." Iran Press TV, March 11, 2008	Petro Vietnam Exploration and Production Co. (Vietnam)	?	?
April 2008	**Iran's Kish gas field** Includes pipeline from Iran to Oman (http://www.presstv.ir/detail.aspx?id= 112062&sectionid=351020103.)	Oman (co-financing of project)	$7 billion	1 billion cfd
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
January 2009	**Bushehr Polymer Plants** Production of polyethelene at two polymer plants in Bushehr Province (GAO August 2011 report)	Sasol (South Africa)	?	Capacity is 1 million tons per year. Products are exported from Iran.
March 2009	**Phase 12 South Pars (gas)**—part 1. Incl. LNG terminal construction and Farzad-B natural gas bloc. Project stalled due to sanctions; ONGC and Hinduja have had difficulty financing the project. Sonangol reportedly exited project in February 2012 due to inability to finance its stake. "Noose Tightens Around Iran Oil." Washington Post, March 6, 2012.	Taken over by Indian firms (ONGC, Oil India Ltd., Hinduja, Petronet in 2007). Sonanagol (Angola) has 20% stake, and PDVSA (Venezuela) involved as well.	$8 billion from Indian firms/$1.5 billion Sonangol/$780 million PDVSA	20 million tonnes of LNG annually by 2012
August 2009	**Abadan refinery**	Sinopec	up to $6 billion if new	

Date	Field/Project	Company(ies)/Status (If Known)	Value	Output/Goal
	Upgrade and expansion; building a new refinery at Hormuz on the Persian Gulf coast		refinery is built	
October 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)	
Feb. 2010	**South Pars: Phase 11** Drilling was to begin in March 2010, but drilling still delayed as of September 2011. ("China Curbs Iran Energy Work," Reuters, September 2, 2011)	CNPC (China)	$4.7 billion	
2011	**Azar Gas Field** Gazprom contract voided in late 2011 by Iran due to Gazprom's unspecified failure to fulfill its commitments.	Gazprom (Russia)		
Dec. 2011	**Zagheh Oil Field** Preliminary deal signed December 18, 2011 (Associated Press, December 18, 2011)	Tatneft (Russia)	$1 billion	55,000 barrels per day within five years

Sources: As noted in table, as well as CRS conversations with officials of the State Department Bureau of Economics, and officials of embassies of the parent government of some of the listed companies (2005-2009). Some information comes: 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. That report was updated on August 3, 2011, in GAO-11-855R. http://www.gao.gov/new.items/d11855r.pdf.

Note: CRS has neither the mandate, the authority, nor the means to determine which of these projects, if any, might constitute a violation of the Iran Sanctions Act. CRS has no way to confirm the precise status of any of the announced investments, 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.

Effect on Gasoline Availability and Importation

In March 2010, well before the enactment of CISADA on July 1, 2010, several gas suppliers to Iran, anticipating this legislation, announced that they had stopped or would stop supplying gasoline to Iran.[65] Others have ceased since the enactment of CISADA. Some observers say that gasoline deliveries to Iran fell from about 120,000 barrels per day before CISADA to about 30,000 barrels per day immediately thereafter,[66] although importation recovered to about 80,000 barrels per day by September 2011 and has remained roughly around that level since. Some gasoline sellers, possibly including some already sanctioned for this activity (see above) appear to be selling to Iran.

The phaseout of gasoline subsidies discussed above has reduced demand for gasoline. Iran has also increased domestic production by converting at least two petrochemical plants to gasoline production, through a generally inferior process that initially produces benzene, leading to a large increase in air pollution in Tehran. Iran also says it has accelerated renovations and other improvements to existing gasoline refineries, allocating $2.2 billion for that purpose. Even before the subsidy reduction, there had not been significant gasoline shortages or gasoline rationing.

Building new refining capacity appears to be Iran's long term effort to reduce its vulnerability to gasoline supply reductions. Iran's deputy oil minister said in July 2010 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 for this purpose. Given Iran's economic difficulties as of mid-2012, it is doubtful Iran has the resources to invest at that level for this purpose.

The main suppliers to Iran prior to the CISADA sanctions, according to the GAO, are listed below, and most have stopped such sales, although some reports say that partners or affiliates of these firms may still sell to Iran in cases where the corporate headquarters have announced a halt. As noted in a *New York Times* report of March 7, 2010,[67] and a Government Accountability Office study released September 3, 2010,[68] some firms that have supplied Iran have received U.S. credit guarantees or contracts:

- Vitol of Switzerland (notified GAO it stopped selling to Iran in early 2010);
- Trafigura of Switzerland (notified GAO it stopped selling to Iran in November 2009);
- Glencore of Switzerland (notified GAO it stopped selling in September 2009);
- Total of France (notified GAO it stopped sales to Iran in May 2010);
- Reliance Industries of India (notified GAO it stopped sales to Iran in May 2009).
- Petronas of Malaysia (said on April 15, 2010, it had stopped sales to Iran);[69]

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

[66] Information provided at Foundation for Defense of Democracies conference on Iran. December 9, 2010.

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

[68] GAO-10-967R. Exporters of Refined Petroleum Products to Iran. September 3, 2010.

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

- Lukoil of Russia (reported to have ended sales to Iran in April 2010,[70] although some reports continue that Lukoil affiliates are supplying Iran);
- Royal Dutch Shell of the Netherlands (notified GAO it stopped sales in October 2009);
- Kuwait's Independent Petroleum Group (told U.S. officials it stopped selling gasoline to Iran as of September 2010);[71]
- Tupras of Turkey (stopped selling to Iran as of May 2011, according to the State Department);
- British Petroleum of United Kingdom, Shell, Q8, Total, and OMV are no longer selling aviation fuel to Iran Air, according to U.S. State Department officials on May 24, 2011;
- A UAE firm, Golden Crown Petroleum FZE, told the author in April 2011 that, as of June 29, 2010, it no longer leases vessels for the purpose of shipping petroleum products from or through Iran;
- Munich Re, Allianz, Hannover Re (Germany) were providing insurance and re-insurance for gasoline shipments to Iran. However, they reportedly have exited the market for insuring gasoline shipments for Iran;[72]
- 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 According to the State Department, key shipping associations have created clauses in their contracts that enable ship owners to refuse to deliver gasoline to Iran;
- According to the State Department on May 24, 2011, Linde of Germany has said it had stopped supplying gas liquefaction technology to Iran, contributing to Iran's decision to suspend its LNG program.

Firms Believed to Still Be Supplying Gasoline or Related Equipment

Some firms are reported to still be selling gasoline to Iran or helping it import gasoline. They include:

- The firms sanctioned by the Administration on May 24, 2011 (discussed above), which have not announced cessation of deliveries to Iran despite being sanctioned. They include PCCI (Jersey/Iran); Royal Oyster Group (UAE); Speedy Ship (UAE/Iran); Tanker Pacific (Singapore); Ofer Brothers Group (Israel); Associated Shipbroking (Monaco); and Petroleos de Venezuela (Venezuela).
- Zhuhai Zhenrong, Unipec, and China Oil of China. Zhuhai Zhenrong is reportedly continuing to sell to Iran even though it was sanctioned for this activity on January 12, 2012, as noted above.

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

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

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

- Emirates National Oil Company of UAE has been reported by GAO to still be selling to Iran. Another UAE energy trader, FAL, may still be selling even though it was sanctioned on January 12, 2012, as discussed above.
- Hin Leong Trading of Singapore was reported by GAO to still be selling gasoline to Iran. Kuo Oil of Singapore may still be selling even though it was sanctioned on January 12, 2012, as discussed above;
- Some refiners in Bahrain reportedly may still be selling gasoline to Iran.

Humanitarian Effects/Air Safety

The effects of sanctions on the population's living standards was discussed above. Some Iranian pilots have begun to complain publicly and stridently that U.S. sanctions are causing Iran's passenger airline fleet to deteriorate to the point of jeopardizing safety. Since the U.S. trade ban was imposed in 1995, 1,700 passengers and crew of Iranian aircraft have been killed in air accidents, although it is not clear how many of the crashes, if any, were due specifically to the difficultly in providing U.S. spare parts to Iran's fleet.[73]

Possible Additional Sanctions

As discussed above, in late 2011, the Administration and its international partners began to sanction what Iran perceives is its vital interest—its oil exports. The Administration maintained that the implementation of the oil-related sanctions be calibrated so as not to cause a sudden spike in world oil prices or a backlash among key U.S. partners that would fracture international solidarity against Iran. Some in the 112th Congress believed that the cumulative effects of U.S. and international sanctions—even after the EU embargo and other steps taken—remained insufficient to accomplish key U.S. policy goals toward Iran, and advocated further steps. Still, the Administration prefers taking its own action—which it can calibrate to take into account the views of U.S. partner countries—rather than be bound by specific congressional requirements.

The sentiment in Congress led to the passage of a major bill—H.R. 1905—The "Iran Threat Reduction and Syria Human Rights Act of 2012." H.R. 1905 passed the House on December 14, 2011 by a vote of 410-11. On May 21, 2012, the Senate substituted the provisions of S. 2101 (the Iran Sanctions, Accountability, and Human Rights Act, that combines elements of the House bills and of S. 1048, along with some managers and other amendments) and passed H.R. 1905 by voice vote. The Senate vote set up negotiations on the two chambers' differing versions of H.R. 1905, during which provisions that were not in either bill were included. A House-Senate agreed version was announced on July 30, 2012, and passed both chambers on August 1, 2012 (voice vote in the Senate and a vote of 421-6 in the House). The President signed it into law on August 10, 2012 (P.L. 112-158).

The final version of the law contained some provisions of other bills introduced in the 112th Congress and some of which advanced to floor action. These include H.R. 2105, which passed the House on December 14, 2011; and a Senate bill, S. 1048. The Iran human rights-related sanctions in H.R. 1905 incorporates aspects of the Iran Human Rights and Democracy Promotion

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

Act of 2011 (S. 879 and H.R. 1714), which would also create a "Special Representative" position at the Department of State to focus on highlighting Iran's human rights abuses and coordinate U.S. and international responses. Also incorporated in H.R. 1905 are S. 366 and H.R. 740, which require firms to declare in their required filings with the Securities and Exchange commission whether that firm had undertaken activity that could violate U.S. sanctions laws.

Not adopted in H.R. 1905 was another bill, H.R. 4317, that would require sanctions against any foreign firm that conducts any transaction with Iran's energy sector, including oil purchasing, although with a waiver if the parent country significantly reduces oil buys from Iran. Nor was another bill, H.R. 4070, included in H.R. 1905—that bill would seek to freeze Iranian assets held by a clearing corporation (such as the Clearstream account discussed above) and use the funds to pay judgments against Iran for acts of terrorism.

Table 5.Comparison of Major Provisions of H.R. 1905

(Key provisions are discussed in detail in the text of the paper and are summarized here.)

House-passed version	Senate-passed version (S. 2101 as amended)	Enacted Version (P.L. 112-158)
Restates virtually all provisions of the Iran Sanctions Act	No equivalent	No equivalent
Adds two sanctions to the ISA menu.	Similar provision	Adds three sanctions to ISA menu
Requires the President to impose at least 6 out of the expanded ISA menu of 11 available sanctions on violators.		Requires the President to impose 5 out of the 12 ISA sanctions on violators.
Extends ISA sanctions (majority of the menu) any firm that helps Iran issue sovereign debt.	Extends ISA sanctions to persons who participate in energy related joint ventures with Iran.	Provisions discussed in text, including sanctions on shipping oil from Iran, Iran energy joint ventures, uranium mining ventures, purchasing Iran sovereign debt, and insuring NIOC or NITC.
Does not extend ISA sanctions to energy joint ventures with Iran.	Codifies Executive Order 13590 to apply ISA sanctions to providers of energy and petrochemical equipment to Iran.	
Subjects U.S. persons to penalty if they conduct any business with the IRGC or its affiliated entities, or with any foreign firm that conducts such banned transactions with the IRGC or its affiliates.	Subjects to ISA sanctions foreign persons who engage in "significant" transactions with the IRGC, its agents, or affiliates.	Similar to Senate version.
Bars foreign aid, arms sales, and U.S. support for loans to any government providing support to the IRGC.		
Bans commerce between Iran and subsidiaries of U.S. firms, in cases where the subsidiary is controlled or more than 50% owned by the parent.	Similar provision	Similar provision
Bans previously permissible licensing of the sale to Iran of U.S. equipment to provide for the safe operation of Iran's civilian aircraft fleet.	No provision	No provision

Authorizes aid to groups promoting democracy in Iran.	No provision	No provision
Requires an Administration report listing all persons who are members of named Iranian government institutions, including high ranking IRGC officers—and ban visas for the named individuals.	Excludes from the United States Iranian students who study issues related to Iran's energy sector or nuclear program.	Similar to House version
Contains elements similar to H.R. 740 on Securities and Exchange Commission (SEC) disclosures.	Similar provision	Similar provision
Sanctions Iran's Central Bank if the President determines that it helped Iran acquire WMD or facilitated transactions for the Revolutionary Guard or for entities sanctioned by the United States.	No provision	No provision. This sanction mooted by enactment of P.L. 112-81.
Sets as U.S. policy to press Iraq not to close Camp Ashraf.	No provision	No provision
No equivalent	Bars foreign banks from the U.S. market if they process transactions with the Iran National Oil Company (NIOC) and the Iran National Tanker Company (NITC). (This is similar to a stand-alone bill, H.R. 3843.)	Other provisions sanctioning transactions with NIOC and NITC discussed in text of report.
No equivalent	Authorizing sanctions against the inter-bank communication system SWIFT (Society for Worldwide Interbank Financial Telecommunication), its directors and significant shareholders—and similar services—if they continue to process transactions with Iranian banks.	Authorizes but does not mandate sanctions on SWIFT and similar services.
No provisions on Syria	Strengthens U.S. sanctions against Syria.	Similar to Senate version
No equivalent	Strengthens sanctions against persons aiding censorship in Iran, or who fail to prevent Iran from jamming or manipulating broadcast signals, including by satellite service providers for Iran.	Similar to Senate version.
No equivalent	A sense of Congress that "all options are on the table" with respect to Iran and clarification that no provision is to be construed as authorization for military force against Iran (or Syria).	No provision.
No equivalent	Considers as Iranian "assets" securities owned by Iran and held by or transferred via clearing corporations—and therefore subjects such holdings to U.S. impoundment for the purpose of paying judgments against Iran for past acts of terrorism.	No provision.

Possible Additional Multilateral Sanctions

Although there do not appear to be active discussions among the P5+1 on specific new United Nations actions to pressure Iran, there are a number of other possible sanctions that might receive consideration—either in a multilateral framework or for U.S. unilateral action targeting foreign firms and entities.

Comprehensive Oil Embargo

Most experts believe that the most effective sanction would be a mandated, worldwide embargo on the purchase of Iranian crude oil. Despite the imposition of an embargo on Iranian oil purchases by the EU, there are no indications that a comprehensive worldwide embargo is to be proposed at the United Nations in the near term or that doing so would achieve consensus. However, Executive Order 13622 and P.L. 112-158 come close to constituting a U.S. unilateral move to compel others to cease purchasing Iranian oil.

Iran "Oil-Free Zone"

As noted above, the EU has imposed a voluntary ban on importing Iranian oil. Prior to that EU decision, there was discussion of forcing a similar result by closing the loophole in the U.S. trade ban under which Iranian crude oil, when mixed with other countries' oils at foreign refineries in Europe and elsewhere, can be imported as refined product. That would likely cause EU and other major refiners to stop buying Iranian oil. The basis of the proposal is that restricting Iranian oil to use by only a limited number of refineries would force down the price received by Iran for its oil, although without raising the world price of oil significantly, if at all. Some argue this concept has been mooted by the EU oil embargo, while others say the step still has value in making sure the EU oil embargo on Iran is not easily lifted or modified.

Other Possibilities

In recent years, there has been discussion of other possible international steps, although many of these ideas are now so widely adopted by U.S. partner countries so as to possible moot their inclusion in any new U.N. Resolution.

- *Mandating Reductions in Diplomatic Exchanges with Iran or Prohibiting Travel by Iranian Officials.* Some have suggested a worldwide ban on travel to Iranian civilian officials, such as those involved in suppressing democracy activists. Some have called on countries to reduce their diplomatic presence in Iran, or to expel some Iranian diplomats from Iranian embassies in their territories. However, the EU came one step closer to this option after the November 29 attack on the British Embassy in Tehran: Britain closed the Iranian embassy in Britain, and Norway, France, Germany, and the Netherlands withdrew their ambassadors. The EU, as noted, on December 1, 2011, named numerous Iranian persons as subject to a visa ban.
- *Barring Iran from International Sporting Events*. A further option is to limit sports or cultural exchanges with Iran, such as Iran's participation in the World Cup soccer tournament. However, many experts oppose using sporting events to accomplish political goals.

- *Banning Passenger Flights to and from Iran.* Bans on flights to and from Libya were imposed on that country in response to the finding that its agents were responsible for the December 21, 1988, bombing of Pan Am 103 (now lifted). There are no indications that a passenger aircraft flight ban is under consideration among the P5+1. A variation of this idea could be the imposition of sanctions against airlines that are in joint ventures or codeshare arrangements with Iranian airlines.
- *A Ban on Exports to Iran of Refined Oil Products and Energy Equipment and Services.* Another possibility is to make compulsory a worldwide ban on sales of energy equipment or services to Iran. Such a measure would be aimed at firms not banned or dissuaded from such activity by EU or U.S. sanctions discussed above. During the 1990s, U.N. sanctions against Libya for the Pan Am 103 bombing banned the sale of energy equipment to Libya.
- *Limiting Lending to Iran by International Financial Institutions.* Resolution 1747 calls for restraint on but does not outright ban international lending to Iran. An option is to make a ban on such lending mandatory. Some U.S. groups have called for the International Monetary Fund (IMF) to withdraw all its holdings in Iran's Central Bank and suspend Iran's membership in the body.
- *Banning Trade Financing or Official Insurance for Trade Financing*. Another option is to mandate a ban on official trade credit guarantees. This was not made mandatory by Resolution 1929, but several countries imposed this sanction (as far as most trade financing) subsequently. In discussions that led to Resolution 1929, a ban on investment in Iranian bonds reportedly was considered but deleted to attract China and Russia's support.
- *Banning Worldwide Investment in Iran's Energy Sector.* This option would represent an "internationalization" of the Iran Sanctions Act. Such a step is authorized, not mandated, by Resolution 1929, and, as noted, a growing number of countries have imposed these sanctions on Iran.
- *Restricting Operations of and Insurance for Iranian Shipping.* One option, reportedly long under consideration, has been a worldwide ban on provision of insurance or reinsurance for any shipping to or from Iran. A call for restraint is in Resolution 1929, but is not mandatory. As of July 1, 2012, the EU is slated to ban such insurance, and many of the world's major insurers are in Europe.
- *Imposing a Worldwide Ban on Sales of Arms to Iran.* Resolution 1929 imposes a ban on sales of major weapons systems to Iran, but another option is to extend that ban to all lethal equipment.

Sanctions Easing/Incentives

Some believe that the United States and its international partners need to prepare for possibly easing sanctions as part of a nuclear agreement with Iran. Although Iran wants the EU oil embargo voided entirely, during the rounds of talks with Iran in 2012 the P5+1 have offered more modest steps as "reciprocity" for any agreement with Iran. Steps offered included civilian aircraft parts, civilian assistance to Iran's nuclear reactor that is used to produce medical isotopes, safety upgrades for the civilian reactor at Bushehr, and possibly technical assistance to Iran's energy sector. The negotiating group was also said to be considering offering, as part of a nuclear agreement, to not implement the EU ban on shipping insurance to Iranian oil tankers, a ban scheduled that went into effect July 1, 2012, in concert with the EU oil purchase embargo.

Other observers say that existing sanctions are purely punitive. Some observers believe that the international community should offer incentives—such as promises of aid, investment, trade preferences, and other benefits—if there were to be a new regime formed in Iran. Others say such incentives should be provided in exchange for full Iranian compliance on a broad range of issues, and not contingent on a change of regime.

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

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

Entities 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)

Ya Mahdi Industries Group

Kavoshyar Company (subsidiary of AEIO)

Sho'a Aviation (produces IRGC light aircraft for asymmetric warfare)

Bank Sepah (funds AIO and subordinate entities)

Esfahan Nuclear Fuel Research and Production Center and Esfahan Nuclear Technology Center

Qods Aeronautics Industries (produces UAV's, para-gliders for IRGC asymmetric warfare)

Pars Aviation Services Company (maintains IRGC Air Force equipment)

Gen. Mohammad Baqr Zolqadr (IRGC officer serving as deputy Interior Minister

Brig. Gen. Qasem Soleimani (Qods Force commander)

Fereidoun Abbasi-Davani (senior defense scientist)

Mohasen Fakrizadeh-Mahabai (defense scientist)

Seyed Jaber Safdari (Natanz manager)

Mohsen Hojati (head of Fajr Industrial Group)

Ahmad Derakshandeh (head of Bank Sepah)

Brig. Gen. Mohammad Reza Zahedi (IRGC ground forces commander)

Amir Rahimi (head of Esfahan nuclear facilities)

Mehrdada Akhlaghi Ketabachi (head of SBIG)

Naser Maleki (head of SHIG)

Brig. Gen. Morteza Reza'i (Deputy commander-in-chief, IRGC)

Vice Admiral Ali Akbar Ahmadiyan (chief of IRGC Joint Staff)

Brig. Gen. Mohammad Hejazi (Basij commander)

Entities Added by Resolution 1803

Thirteen Iranians named in Annex 1 to Resolution 1803; all reputedly involved in various aspects of nuclear program. Bans travel for five named Iranians.

Electro Sanam Co.

Abzar Boresh Kaveh Co. (centrifuge production)

Barzaganin Tejaral Tavanmad Saccal

Jabber Ibn Hayan

Khorasan Metallurgy Industries

Niru Battery Manufacturing Co. (Makes batteries for Iranian military and missile systems)

Ettehad Technical Group (AIO front co.)

Industrial Factories of Precision

Joza Industrial Co.

Pshgam (Pioneer) Energy Industries

Tamas Co. (involved in uranium enrichment)

Safety Equipment Procurement (AIO front, involved in missiles)

Entities Added by Resolution 1929

Over 40 entities added; makes mandatory a previously nonbinding travel ban on most named Iranians of previous resolutions. Adds one individual banned for travel—AEIO head Javad Rahiqi

Amin Industrial Complex

Armament Industries Group

Defense Technology and Science Research Center (owned or controlled by Ministry of Defense)…….

Doostan International Company

Farasakht Industries

First East Export Bank, PLC (only bank added by Resolution 1929)

Kaveh Cutting Tools Company

M. Babaie Industries

Malek Ashtar University (subordinate of Defense Technology and Science Research Center, above)

Ministry of Defense Logistics Export (sells Iranian made arms to customers worldwide)

Mizan Machinery Manufacturing

Modern Industries Technique Company

Nuclear Research Center for Agriculture and Medicine (research component of the AEIO)

Pejman Industrial Services Corp.

Sabalan Company

Sahand Aluminum Parts Industrial Company

Shahid Karrazi Industries

Shahid Sattari Industries

Shahid Sayyade Shirazi Industries (acts on behalf of the DIO)

Special Industries Group (another subordinate of DIO)

Tiz Pars (cover name for SHIG)

Yazd Metallurgy Industries

The following 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
June 2007	
Pars Trash (Iran, nuclear program)	
Farayand Technique (Iran, nuclear program)	
Fajr Industries Group (Iran, missile program)	
Mizan Machine Manufacturing Group (Iran, missile prog.)	
Aerospace Industries Organization (AIO) (Iran)	September 2007
Korea Mining and Development Corp. (N. Korea)	September 2007

Islamic Revolutionary Guard Corps (IRGC)	October 21, 2007
Ministry of Defense and Armed Forces Logistics	
Bank Melli (Iran's largest bank, widely used by Guard); Bank Melli Iran Zao (Moscow); Melli Bank PC (U.K.)	
Bank Kargoshaee	
Arian Bank (joint venture between Melli and Bank Saderat). Based in Afghanistan	
Bank Mellat (provides banking services to Iran's nuclear sector); Mellat Bank SB CJSC (Armenia). Reportedly has $1.4 billion in assets in UAE	
Persia International Bank PLC (U.K.)	
Khatam ol Anbiya Gharargah Sazendegi Nooh (main IRGC construction and contracting arm, with $7 billion in oil, gas deals)	
Oriental Oil Kish (Iranian oil exploration firm)	
Ghorb Karbala; Ghorb Nooh (synonymous with Khatam ol Anbiya)	
Sepasad Engineering Company (Guard construction affiliate)	
Omran Sahel (Guard construction affiliate)	
Sahel Consultant Engineering (Guard construction affiliate)	
Hara Company	
Gharargahe Sazandegi Ghaem	
Bahmanyar Morteza Bahmanyar (AIO, Iran missile official, see above under Resolution 1737)	
Ahmad Vahid Dastjerdi (AIO head, Iran missile program)	
Reza Gholi Esmaeli (AIO, see under Resolution 1737)	
Morteza Reza'i (deputy commander, IRGC) See also Resolution 1747	
Mohammad Hejazi (Basij commander). Also, Resolution 1747	
Ali Akbar Ahmadian (Chief of IRGC Joint Staff). Resolution 1747	
Hosein Salimi (IRGC Air Force commander). Resolution 1737	
Qasem Soleimani (Qods Force commander). Resolution 1747	
Future Bank (Bahrain-based but allegedly controlled by Bank Melli)	March 12, 2008

Entities sanctioned on July 8, 2008:

Yahya Rahim Safavi (former IRGC Commander in Chief);

Mohsen Fakrizadeh-Mahabadi (senior Defense Ministry scientist)

Dawood Agha-Jani (head of Natanz enrichment site)

Mohsen Hojati (head of Fajr Industries, involved in missile program)

Mehrdada Akhlaghi Ketabachi (heads Shahid Bakeri Industrial Group)

Naser Maliki (heads Shahid Hemmat Industrial Group)

Tamas Company (involved in uranium enrichment)

Shahid Sattari Industries (makes equipment for Shahid Bakeri)

7th of Tir (involved in developing centrifuge technology)

Ammunition and Metallurgy Industries Group (partner of 7th of Tir)

Parchin Chemical Industries (deals in chemicals used in ballistic missile programs)

August 12, 2008:

Karaj Nuclear Research Center

Esfahan Nuclear Fuel Research and Production Center (NFRPC)

Jabber Ibn Hayyan (reports to Atomic Energy Org. of Iran, AEIO)

Safety Equipment Procurement Company

Joza Industrial Company (front company for Shahid Hemmat Industrial Group, SHIG)

September 10, 2008:

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

September 17, 2008:

Firms affiliated to the Ministry of Defense, including Armament Industries Group; Farasakht Industries; Iran Aircraft Manufacturing Industrial Co.; Iran Communications Industries; Iran Electronics Industries; and Shiraz Electronics Industries

October 22, 2008

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

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

Assa Corporation (alleged front for Bank Melli involved in managing property in New York City on behalf of Iran) December 17, 2008

March 3, 2009

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

February 10, 2010:

IRGC General Rostam Qasemi, head of Khatem ol-Anbiya Construction Headquarters (key corporate arm of the IRGC)

Fater Engineering Institute (linked to Khatem ol-Anbiya)

Imensazen Consultant Engineers Institute (linked to Khatem ol-Anbiya)

Makin Institute (linked to Khatem ol-Anbiya)

Rahab Institute (linked to Khatem on-Anbiya)

Entities sanctioned on June 16, 2010

- Post Bank of Iran

- IRGC Air Force

- IRGC Missile Command

- Rah Sahel and Sepanir Oil and Gas Engineering (for ties to Khatem ol-Anibya IRGC construction affiliate)

- Mohammad Ali Jafari—IRGC Commander-in-Chief since September 2007

- Mohammad Reza Naqdi—Head of the IRGC's Basij militia force that suppresses dissent (since October 2009)

- Ahmad Vahedi—Defense Minister

- javedan Mehr Toos, Javad Karimi Sabet (procurement brokers or atomic energy managers)

- Naval Defense Missile Industry Group (controlled by the Aircraft Industries Org that manages Iran's missile programs)

- Five front companies for IRISL: Hafiz Darya Shipping Co.; Soroush Sarzamin Asatir Ship Management Co.; Safiran Payam Darya; and Hong Kong-based Seibow Limited and Seibow Logistics.

Also identified on June 16 were 27 vessels linked to IRISKL and 71 new names of already designated IRISL ships.

Several Iranian entities were also designated as owned or controlled by Iran for purposes of the ban on U.S. trade with Iran.

Entities sanctioned on November 30, 2010

- Pearl Energy Company (formed by First East Export Bank, a subsidiary of Bank Mellat

- Pearl Energy Services, SA

- Ali Afzali (high official of First East Export Bank)

- IRISL front companies: Ashtead Shipping, Byfleet Shipping, Cobham Shipping, Dorking Shipping, Effingham Shipping, Farnham Shipping, Gomshall Shipping, and Horsham Shipping (all located in the Isle of Man).

- IRISL and affiliate officials: Mohammad Hosein Dajmar, Gholamhossein Golpavar, Hassan Jalil Zadeh, and Mohammad Haji Pajand.

Entities sanctioned on December 21, 2010:

- Bonyad (foundation) Taavon Sepah, for providing services to the IRGC

- Ansar Bank (for providing financial services to the IRGC)

- Mehr Bank (same justification as above)

- Moallem Insurance Company (for providing marine insurance to IRISL, Islamic Republic of Iran Shipping Lines)

- Bank of Industry and Mine (BIM)	May 17, 2011
- Tidewater Middle East Company	June 23, 2011
- Iran Air	
- Mehr-e Eqtesad Iranian Investment Co.	
- Bank Tejarat	January 23, 2012

- Trade Capital Bank (Belarus-based but controlled by Tejarat)

March 28, 2012:

Iran Maritime Industrial Company SADRA (owned by IRGC engineering firm Khatem-ol-Anbiya, has offices in Venezuela)

Deep Offshore Technology PJS (subsidiary of the above)

Malship Shipping Agency and Modality Ltd (both Malta-based affiliates of IRISL)

Seyed Alaeddin Sadat Rasool (IRISL legal adviser)

Ali Ezati (IRISL strategic planning and public affairs manager)

July 12, 2012:

- Electronic Components Industries Co. (ECI) and Information Systems Iran (ISIRAN)

- Advanced Information and Communication Technology Center (AICTC) and Hamid Reza Rabiee (software engineer for AICTC)

- Digital Medial Lab (DML) and Value Laboratory (owned or controlled by Rabiee or AICTC)

- Miinstry of Defense Logistics Export (MODLEX)

Daniel Frosh (Austria) and International General Resourcing FZE)—person and his UAE-based firm allegedly supply Iran's missile industry.

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

Martyr's Foundation (Bonyad Shahid), a major Iranian foundation (bonyad)—for providing financial support to Hezbollah and PIJ	July 25, 2007
Goodwill Charitable Organization, a Martyr's Foundation office in Dearborn, Michigan	
Al Qard Al Hassan—part of Hezbollah's financial infrastructure (and associated with previously-designated Hezbollah entities Husayn al-Shami, Bayt al-Mal, and Yousser Company for Finance and Investment.	
Qasem Aliq—Hezbollah official, director of Martyr's Foundation Lebanon branch, and head of Jihad al-Bina, a previously-designated Lebanese construction company run by Hezbollah.	
Ahmad al-Shami—financial liaison between Hezbollah in Lebanon and Martyf's Foundation chapter in Michigan	
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	August 3, 2010
Liner Transport Kish (for providing shipping services to transport weapons to	December 21, 2010

Lebanese Hizballah)	
For alleged plot against Saudi Ambassador to the U.S.:	October 11, 2011
Qasem Soleimani (Qods Force commander)	
Hamid Abdollahi (Qods force)	
Abdul Reza Shahlai (Qods Force)	
Ali Gholam Shakuri (Qods Force)	
Manssor Arbabsiar (alleged plotter)	
Mahan Air (for transportation services to Qods Force)	October 12, 2011
Ministry of Intelligence and Security of Iran (MOIS)	February 16, 2012
Yas Air (successor to Pars Air)	March 27, 2012
Behineh Air (Iranian trading company)	
Ali Abbas Usman Jega (Nigerian shipping agent)	
Qods Force officers: Esmail Ghani, Sayyid Ali Tabatabaei, and Hosein Aghajani	
Entities and persons sanctioned for weapons shipments to Syria and an October 2011 shipment bound for Gambia, intercepted in Nigeria.	

Entities Sanctioned Under the Iran North Korea Syria Non-Proliferation Act or Executive Order 12938

The designations are under the Iran, North Korea, Syria Non-Proliferation Act (INKSNA) unless specified. These designations expire after two years, unless re-designated

Baltic State Technical University and Glavkosmos, both of Russia	July 30, 1998 (E.O. 12938). Both removed in 2010—Baltic on January 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	August 4, 2006 (see below for Rosobornexport removal)

Pugang Trading); and one Cuban entity (Center for Genetic Engineering and Biotechnology).	
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.
16 entities: Belarus: Belarusian Optical Mechanical Association; Beltech Export; China: Karl Lee; Dalian Sunny Industries; Dalian Zhongbang Chemical Industries Co.; Xian Junyun Electronic; Iran: Milad Jafari; DIO; IRISL; Qods Force; SAD Import-Export; SBIG; North Korea: Tangun Trading; Syria: Industrial Establishment of Defense; Scientific Studies and Research Center; Venezuela: CAVIM.	May 23, 2011
Entities Designated as Threats to Iraqi Stability under Executive Order 13438	
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
Iranians Sanctioned Under September 29, 2010, Executive Order 13553 on Human Rights Abusers	
1. IRGC Commander Mohammad Ali Jafari	All sanctioned on September 29, 2010
2. Minister of Interior at time of June 2009 elections Sadeq Mahsouli	
3. Minister of Intelligence at time of elections Qolam Hossein Mohseni-Ejei	
4. Tehran Prosecutor General at time of elections Saeed Mortazavi	
5. Minister of Intelligence Heydar Moslehi	
6. Former Defense Minister Mostafa Mohammad Najjar	
7. Deputy National Police Chief Ahmad Reza Radan	
8. Basij (security militia) Commander at time of elections Hossein Taeb	

9. Tehran Prosecutor General Abbas Dowlatabadi (appointed August 2009). Has indicted large numbers of Green movement protesters.	Sanctioned on February 23, 2011
10. Basij forces commander (since October 2009) Mohammad Reza Naqdi (was head of Basij intelligence during post 2009 election crackdown)	
11. Islamic Revolutionary Guard Corps (IRGC)	June 9, 2011.
12. Basij Resistance Force	
13. Law Enforcement Forces (LEF)	
14. LEF Commander Ismail Ahmad Moghadam	
15. Ministry of Intelligence and Security of Iran (MOIS)	February 16, 2012.

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

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

Iranian Entities Sanctioned Under Executive Order 13606 Targeting Human Rights Abuses Via Information Technology (April 23, 2012)

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

Entities Names as Iranian Government Entities Under Executive Order 13599

Designations made July 12, 2012:

- Petro Suisse Intertrade Company (Switzerland)
- Hong Kong Intertrade Company (Hong Kong)
- Noor Energy (Malaysia)
- Petro Energy Intertrade (Dubai, UAE)

(all four of the above were name as front companies for NIOV, Naftiran Intertrade Company, Ltd (NICO), or NICO Sarl)

- 20 Iranian financial institutions (names not released but available from Treasury Dept.)
- 58 vessels of National Iranian Tanker Company (NITC)

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