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ECONOMIC SANCTIONS AGAINST IRAN

7 NOVEMBER 2013

US SANCTIONS

History:

- 14 November 1979 Executive Order 1270: asset freeze of Iranian assets, including bank deposit, gold and other properties
- 1984: embargo on arms and prohibition of all US assistance to Iran
- 29 October 1987 Executive Order 12613: embargo on Iran-origin goods and services
- 16 March 1995 Executive Order 12957: prohibition of US trade related to Iran's oil industry
- 6 May 1995 Executive Order 12959: prohibition of trade with and investment in Iran
- 1995 Iran and Libya Sanctions Act (ILSA): investment over USD 20 million for the development of petroleum resources in Iran by US and non-US companies prohibited
- 5 August 1996: Iran Sanction Act (ISA): ILSA renamed ISA
- 19 August 1997 Executive Order 13059: clarification of Executives Orders 12957 and 12959 and confirming prohibition of all trade with Iran by US persons wherever located
- 2000: reduction of sanctions for some items like pharmaceuticals, medical equipment, caviar or Persian rugs (so called authorization for "U-turns")
- 28 June 2005 Executive Order 13382: asset freeze of individuals connected with Iran's nuclear program
- 10 November 2008: authorization for "U-turn" revoked; US depository institutions no longer authorized to process transfers involving Iran from or to non-Iranian foreign banks
- 29 September 2010 Comprehensive Iran Sanctions, Accountability and Divestment Act (CISADA): revoking authorisation to import certain foodstuffs and Iranian rugs
- 21 November 2011 Executive Order 13590: activities that could directly and significantly contribute to the maintenance or enhancement of Iran's ability to develop petroleum resources located in Iran, or the maintenance or expansion of Iran's domestic production of petrochemical products prohibited
- 31 December 2011 National Defense Authorization Act for Fiscal Year 2012 (NDAA 2012)
- 30 July 2012 Executive Order 13622 Executive Order: significant transaction for the purchase or acquisition of petroleum or petroleum products from Iran or for the purchase or acquisition of petrochemical products from Iran prohibited
- 10 August 2012 Iran Threat Reduction and Syria Human Rights Act of 2012 (TRA)
- 3 June 2013 Executive Order 13645: prohibition for a financial institution to conduct or facilitate transaction related to purchase and sale of Iranian rials, derivative, swap, future, forward, etc.
- 1 July 2013 Iran Freedom and Counter-Proliferation Act of 2012 (IFCPA)

LALIVE

Summary:

- Import of goods and services of Iranian origin by US persons prohibited (whether from Iran or from foreign locations)
- US persons prohibited from providing financing for prohibited import transactions
- Export of goods, technology and services, directly or indirectly, to Iran, from the US or by a US person wherever located prohibited
 - prohibition includes export by non-US person, if such person knows or has reasons to know that the US item will be used for production, manufacture of goods to be exported to Iran
 - prohibition includes re-export of goods, technology or services of US origin by non-US persons to Iran, if the US origin goods, technology or services are sensitive (otherwise flagged by the US Commerce Department)
- US persons (including foreign branches of US depository institutions and trading companies) prohibited from engaging in any transactions (purchase, sale, transportation, swap, financing, etc.) of goods or service of Iranian origin or controlled by the Government of Iran (even if such US person is located outside the US) (except for transaction related to goods legally obtained before 1995)
- Investment from US persons in Iran or in property owned by the government of Iran is prohibited (investment include commitments of funds, loans, extend existing credits etc.)
 - For sales licensed by the OFAC, the payments must not result in an Iranian or the Government of Iran being debtor or creditor on an account of a US depository institution (financing by cash in advance or through foreign depository institution)
 - Exception for US depository institutions who can handle fund transfers through intermediary third-country banks, to or from Iran, or for the direct or indirect benefit of the Government of Iran, arising out of the following transactions: non-commercial family remittance, information, travel-related remittance, payment for shipment of a donation of articles to relieve human suffering, transaction authorized by OFAC through specific general license
- Servicing by US depository institutions (including foreign subsidiaries) of accounts of the Government of Iran or any Iranian person prohibited
 - Extended to non-US financial institutions dealing with designated key blocked persons (on a so called “SDN List”)
- Providing insurance or re-insurance in Iran with respect to activities prohibited
- Trading in Iranian oil or petroleum products refined in Iran or petrochemical products from Iran prohibited (including financing of such activities or any financing or supply of goods that would benefit the Iranian oil industry)
 - Extended to non-US companies involved in the energy, shipping, or shipbuilding sectors (*i.e.* persons being part of the shipping or shipbuilding industry in Iran or operating a port in Iran, persons owning, operating or controlling a vessel used to transport crude oil from Iran or used in a manner to conceal the Iranian origin and persons transporting certain material (graphite, raw or semi-finished metals such as aluminium and steel, coal, etc.) that could be used in connection with the shipping sector in Iran
 - Exception for natural gas projects (such as Shah Deniz natural gas field in Azerbaijan, projects providing Turkey and Europe independence from Russia and Iran, projects initiated before 10 August 2012, pursuant to a production-sharing agreement entered into with a government other than Iran’s
 - Extended to the automotive sector for US and non-US persons

- Sale, supply or transfer of certain precious metal or other materials by US and non-US persons to Iran prohibited

ONU SANCTIONS

- 31 July 2006 United Nations Security Council Resolution 1696: requires that Iran suspend all enrichment-related and reprocessing activities; only warning/threats of sanctions
- 23 December 2006 United Nations Security Council Resolution 1737: embargo on nuclear-related materials and technology and asset freezes of key individuals and companies related to the nuclear program
- 24 March 2007 United Nations Security Council Resolution 1747: embargo on arms and extension of asset freezes
- 3 March 2008 United Nations Security Council Resolution 1803: extension of asset freezes and request that states monitor Iranian banks, ships and aircraft and movement of individuals
- 9 June 2010 United Nations Security Council Resolution 1929: extension of embargo on arms; extension of asset freeze on key Iranian individuals; recommendations to states with respect to inspection of Iranian cargo; prohibitions related to certain Iranian vessels, prohibition of financial services related to sensitive nuclear activities, monitoring of key Iranian individuals and entities, prohibition to authorise opening of Iranian banks on their territory; prohibition of relationship between their banks and Iranian banks when contributing to a nuclear program and prohibition for financial institutions operating in their territory to open offices or accounts in Iran

UE SANCTIONS

History:

- Council Regulations 423/2007, 618/2007 and 1110/2008 which set out a list of products prohibited from export to Iran
- 26 July 2010 EU Regulation 961/2010, expanding the provisions relating to asset freeze which were contained in Council Regulation 423/2007 and introducing additional restrictions against Iran relating to provision of technical assistance or brokering services in relation to dual-use goods, technology, trading and equipment of equipment which might be used for nuclear proliferation-sensitive activities, investment in the Iranian oil and gas industry, transfer of funds to and from Iran, investment in the uranium, mining and nuclear industry in Iran, restrictions concerning the banking sector
- 23 March 2012 Council Regulation 267/2012 implementing Decision 961/2010
- 15 October 2012 Council Decision 2012/635CFS: embargo on Iranian gas and any material that could be used for nuclear enrichment

Summary

- Embargo on arms and related equipment
- Embargo on goods and technology related to nuclear enrichment or nuclear weapon systems, including concerning nuclear materials and facilities, certain chemicals, electronics, sensors and lasers, navigation and avionics
 - exports of a separate set of goods that could contribute to nuclear enrichment are subject to authorisation by national authorities and only permitted if they don't contribute to nuclear enrichment and weapons development

- investment by Iranian persons and entities in uranium mining and production of nuclear material and technology within the EU prohibited
- Export or import on crude oil and petroleum products from Iran prohibited (prohibition concerns import, purchase and transport of such products as well as related finance and insurance)
- Export and import of petrochemical products from Iran prohibited
- Export and import of dual-use goods and technology prohibited (telecommunication systems and equipment; information security systems and equipment; nuclear technology and low-enriched uranium)
- Export on key equipment and technology for the oil and gas industries, that is for exploration and production of oil and natural gas, refining and liquefaction of natural gas, and for the petrochemical industry in Iran prohibited
 - Extended to financial and technical assistance for such transactions (including for instance geophysical survey equipment, drilling and production platforms for crude oil and natural gas, equipment for shipping terminals of liquefied gas, petrol pumps and storage tanks)
- Investment in the Iranian oil and gas industries prohibited (exploration and production of oil and gas, refining and liquefaction of natural gas) and in the Iranian petrochemical industry (including credits, loans, new investment in and joint ventures with such companies in Iran)
- Medium- or long-term commitments by EU member states for financial support for trade with Iran prohibited
- New grants and concessional loans to the government of Iran by member states prohibited
- Provision of insurance and re-insurance to the Iranian government and Iranian entities prohibited (except health and travel insurance)
- Trade in gold, precious metals and diamonds with Iranian public bodies and the central bank prohibited
- Activities of EU financial institutions with Iranian banks and their branches, including the Iranian central bank, to be monitored (banks must require full information, keep records of all transactions and report transactions they suspect to concern proliferation financing to national authorities)
- Restrictions on financial transfers to and from (with humanitarian exemptions)
- Prohibition for Iranian banks to open branches and create joint ventures in the EU (EU financial institutions may not open branches or bank accounts in Iran, either)
- Issuance of and trade in Iranian government or public bonds with the Iranian government, central bank and Iranian banks prohibited
- Member states must require their nationals to exercise vigilance over business with entities incorporated in Iran, including those of the Iranian Revolutionary Guard Corps (IRGC) and of the Islamic Republic of Iran Shipping Lines (IRISL)
- National customs authorities must require prior information about all cargo to and from Iran
- Cargo flights operated by Iranian carriers or coming from Iran may not have access to EU airports (except mixed passenger and cargo flights)
- Asset freeze on entities associated with Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems, for instance by acquiring prohibited goods and technology or by assisting listed persons or entities in violating UN and EU provisions; and senior members and entities of IRGC and the IRISL