



Iran Sanctions – The United States

1. Overview

US has more or less a complete ban for US persons (that is US citizens and permanent resident aliens, persons physically in the United States (regardless of citizenship), US-organized entities and their branches, and any foreign entity owned or controlled by a US person) to do any transaction with an Iranian nexus.

The sanctions that may be applicable to non-U.S. persons are limited to (1) sanctions imposed by EU and (2) secondary imposed by the US. Below we outline the secondary sanctions imposed by the U.S.

2. Secondary sanctions imposed by the U.S.

Non-US persons are generally prohibited from shipping US goods to Iran or making any monetary transaction having an Iranian nexus involving the US financial system, or any foreign branch of the US bank, regardless of the currency involved. Other US secondary sanctions, which were lifted under the Iran nuclear deal (JCPOA), will apply as follows following the US withdrawal from the JCPOA on 8 May 2018:

Prohibited cargoes and activities as from 10 January 2020

- Involvement in the construction, mining, manufacturing or textiles sectors of the Iranian economy;
- Significant transactions for the sale, supply or transfer to or from Iran of significant goods or services used in connection with the construction, mining, manufacturing or textiles sectors of the Iranian economy;
- Materially assist, sponsor, or provide financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked; or
- To be owned or controlled by, or have acted or purported to act for or on behalf of, directly or indirectly, any person whose property has been blocked.

Prohibited cargoes and activities as from 8 May 2019

- Involvement in the iron, steel, aluminum, or copper sectors of Iran, or to be a person that owns, controls, or operates an entity that is part of the iron, steel, aluminum, or copper sector in Iran;
- Significant transactions for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;
- Significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran;
- Materially assist, sponsor, or provide financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked; or
- To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked.

Prohibited cargoes and activities as from 4 November 2018:

- Iran's port operators, and shipping and shipbuilding sectors, including on the Islamic Republic of Iran Shipping Lines, South Shipping Line Iran, or their affiliates;
- petroleum-related transactions with, among others, the National Iranian Oil Company, Naftiran Intertrade Company, and National Iranian Tanker Company, including the purchase or transport of petroleum, petroleum products, or petrochemical products from Iran (as defined at page 38948 in Executive Order 13846, see below);
- transactions by foreign financial institutions with the Central Bank of Iran and designated Iranian financial institutions under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (financial institutions in countries that make significant reductions in their purchases of Iranian crude during and after the wind-down period will be eligible for exemptions from these sanctions);
- the provision of certain specialized financial messaging services to the Central Bank of Iran and Iranian financial institutions;
- the provision of underwriting services, insurance, or reinsurance; and
- Iran's energy sector.
- Material support for, or goods or services in support of, any Iranian person on the U.S. list of Specially Designated Nationals.

Prohibited cargoes and activities as from 6 August 2018:

- the purchase or acquisition of US dollar banknotes by the Government of Iran;
- Iran's trade in gold or precious metals;

- the direct or indirect sale, supply, or transfer to or from Iran of graphite, raw, or semi-finished metals such as aluminium and steel, coal, and software for integrating industrial processes if those materials are to be used:
 - in connection with the energy, shipping or shipbuilding sectors of Iran or any sector of the economy of Iran determined to be controlled, directly or indirectly, by Iran's Revolutionary Guard Corps, or
 - sold, supplied or transferred to or from an Iranian person included on the U.S. list of Specially Designated Nationals, or
 - determined to be used in connection with the nuclear, military or ballistic missile programs of Iran.
- significant transactions related to the purchase or sale of Iranian rials, or the maintenance of significant funds or accounts outside the territory of Iran denominated in the Iranian rial;
- the purchase, subscription to, or facilitation of the issuance of Iranian sovereign debt; and
- Iran's automotive sector.

Regarding insurance the following applies:

Section 202 of the Iran Threat Reduction and Syria Human Rights Act of 2012

- Prohibition to insure vessels used to transport crude oil from Iran to another country

Section 1246 of the Iran Freedom and Counter-proliferation Act (IFCA)

- Prohibition to provide underwriting services or insurance or reinsurance for any activity for which sanctions have been imposed under the U.S. laws or regulations or
 - to any person in the energy, shipping or shipbuilding sectors of Iran, or
 - for the sale, supplier transfer to or from Iran of the materials described in section 1245(d) of IFCA, or
 - to any person designated for the imposition of sanctions in connection with Iran's proliferation of weapons of mass destruction or delivery systems for same, or Iran's support for international terrorism, or
 - any Iranian person included on the SDN List

Regarding bunkering the following applies:

- It is unlawful to provide bunkers to Iranian vessels and non-Iranian vessels shipping prohibited cargoes e.g. Iranian petroleum products
- It is unlawful to pay for bunkers in US dollars in relation to shipment of lawful cargoes to and from Iran

For detailed information about the US secondary sanctions, please see [OFAC's website including the FAQ section](#).

[Update on US sanctions against Iran](#) (25 February 2020)
[Executive Order 13871 May 2019](#)
[Executive Order 13846 Aug 2018](#)

[FAQ OFAC Aug 2019](#)
[FAQ OFAC Nov 2018](#)
[FAQ OFAC Aug 2018](#)

The US secondary sanctions pose particular problems for members based in EU states or otherwise subject to EU law. Pursuant to [Council Regulation 2271/96](#), as amended by [Delegated Regulation 2018/1100](#), EU companies/persons are required not to comply with US secondary sanctions. In addition, EU companies/persons will be reimbursed for losses, caused by the application of US secondary sanctions. For more information about Delegated Regulation 2018/1100, please see [P&I Circular of 9 August 2018](#).

In sum, the situation regarding US sanctions is complex. EU based companies/persons may find themselves in a position where they either are in breach of US sanctions or EU sanctions. Members are therefore recommended to exercise great caution and to seek legal advice should they contemplate any business relationship or transactions with an Iranian nexus.