

## **Iran Sanctions Legislation Highlights from House/Senate Agreement on H.R. 1905 - Iran Threat Reduction and Syria Human Rights Act**

### **Bottom Line:**

When the new features of this agreement are enacted, sanctions will be imposed on anyone who:

- works in Iran's petroleum, petrochemical, or natural gas sector;
- provides goods, services, infrastructure, or technology to Iran's oil and natural gas sector, including financial services, consulting, and maintenance & repair; conducts oil-for-gold or other swap transactions with Iran;
- insures or re-insures investments in Iran's oil sector;
- engages in joint ventures with the National Iranian Oil Company (NIOC);
- provides insurance or re-insurance to the National Iranian Oil Company or the National Iranian Tanker Company (NITC);
- helps Iran evade oil sanctions through reflagging, etc;
- sells, leases, or otherwise provides oil tankers to Iran,
- transports crude oil from Iran, concealing the origin of Iranian crude; or transports refined petroleum products to Iran; sanctioned vessels could be prevented from landing at a port in the U.S. for up to two years.
- provides special financial messaging services to designated Iranian banks, or those who enable such activity;
- engages in uranium mining with Iran anywhere in the world.

In short, the provisions in this bill combine to effectively declare the Iranian energy sector off-limits and blacklist any related unauthorized dealings

This legislation aims to prevent Iran from repatriating revenue it receives from the sale of its crude oil, depriving Iran of hard currency earnings and funds to run its state budget.

It also prevents the purchasing of Iranian sovereign debt after the date of enactment, thereby further limiting the regime's ability to finance its illicit activities.

It also expands sanctions against Iranian and Syrian officials for human rights abuses facilitated by computer and network disruption, monitoring, and tracking by those governments.

The sale of Iranian crude oil will be sharply limited to only countries that have agreed to significantly reduce their purchases of Iranian crude, toward a complete cessation of these activities.

### **Summary:**

This agreement marks a *qualitative* and *quantitative* strengthening of the Iran Sanctions Act sanctions to include:

- an increase in the number of mandatory sanctions and the types of sanctions;

- the expansion of prohibited activities to cover the new issuance or purchase of Iranian sovereign debt;
- a prohibition on joint ventures and development of petroleum resources and petrochemical products;
- expanding the prohibition on refined petroleum products to infrastructure that could support the industry;
- adding “transshipment” as a sanctionable activity under the WMD sanctions;
- including a prohibition on joint ventures with Iran for the mining, production, or transportation of uranium to Iran under the WMD sanctions;
- expansion of the definition of “services” to include a wider range of activities in the energy sector, and language declaring the Iranian energy sector a “zone of proliferation concern”;
- strengthening the prohibition on procurement;
- tightening and limiting waivers; and
- requiring the Energy Information Administration to immediately analyze Iran’s natural gas sector and submit its findings to the President who, in turn, must then report to Congress on whether a sanctions regime similar to that imposed for purchases of Iranian petroleum or an alternative regime could be effectively applied to the natural gas sector.

This legislation also includes financial sanctions aimed at further restricting Iran’s access to the international financial system, to include:

- mandatory disclosures to the Securities and Exchange Commission relating to sanctionable activities;
- codifying executive orders to require sanctions against the Central Bank of Iran to include enablers and facilitators, and strengthening existing sanctions against the Central Bank of Iran;
- expansion of Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA) sanctions with respect to transactions with persons sanctioned for terrorism or proliferation-related activities;
- strengthening sanctions currently in place against the Central Bank of Iran to sharply limit the repatriation of currency to the regime in Tehran for countries that currently have exemptions from sanctions against the Central Bank of Iran for the purposes of crude oil purchases, and eliminate pass-through trade via third countries; and
- strengthening and expanding the definition of “financial transaction” to include trade in gold and precious metals, via money changers, and other activities; and expanding the applicability of CISADA sanctions to other Iranian financial institutions;
- significantly expanding the definition of credible evidence which might trigger sanctions investigations.

There are prohibitions on insurance and shipping that include:

- prohibitions on providing insurance or reinsurance to NITC, NIOC, or their successors;
- sanctions with respect to vessels that transport goods related to proliferation or support violent extremists in Iran, in which the waiver standard was significantly raised to be “vital to the national security interests”;

- sanctioning persons that transport crude oil from Iran, concealing the origin of Iranian crude; or transport refined petroleum products to Iran; sanctioned vessels could be prevented from landing at a port in the U.S. for up to two years.

There are specified sanctions targeting the Islamic Revolutionary Guard Corps (IRGC) to include the following:

- identification of IRGC officials, agents and affiliates;
- the identification of persons that are supporting, assisting or facilitating the IRGC;
- sanctioning of foreign government agencies carrying out activities or transactions with IRGC officials, agents, or affiliates or with other designated Iranian persons or entities;
- strengthening all waivers to “vital” or “essential to the national security interest”; and
- requiring the determination within 45 days of enactment as to whether NITC and NIOC are agents or affiliates of the IRGC with language stating that it is the sense of the Congress that they be so designated.

There are new sanctions targeting human rights violators in Iran, Syria, and their enablers to include:

- the codification of certain executive orders with respect to human rights violators in Iran and Syria;
- a provision underscoring the sense of the Congress that the Iranian leadership should be sanctioned for human rights violations and, if such officials are not designated, requiring the Secretary of State to report on the reasons why senior members of the Iranian government do not meet the standards for designation as human rights violators;
- expanded sanctions on Syria human rights violators.