

A photograph of tree branches with green and autumn-colored leaves against a white background. The leaves are in various stages of color change, from bright green to vibrant red and orange. The branches are dark and silhouetted against the white background.

IRAN Sanctions

ESK International Law Firm

U.S. sanctions on Iran were first imposed during the U.S.-Iran hostage crisis of 1979-1981, in the form of executive orders issued by President Jimmy Carter blocking nearly all Iranian assets held in the United States. Many of these assets were unblocked by subsequent orders when the crisis was resolved in early 1981 in accordance with the “Algiers Accords.”

U.S. sanctions—and U.S. attempts to achieve imposition of multilateral and international sanctions on Iran—have been a significant component of U.S. Iran policy for several decades. In the 1980s and 1990s, 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. After the mid-2000s, U.S. and international sanctions focused largely on ensuring that Iran’s nuclear program is for purely civilian uses. During 2010-2015, the international community cooperated closely with a U.S.-led and U.N.-authorized sanctions regime in pursuit of the goal of persuading Iran to agree to limits to its nuclear program. Still, sanctions against Iran have multiple objectives and address multiple perceived threats from Iran simultaneously.





United States Sanctions

The U.S. has issued many Executive Orders and legislations to impose sanctions on Iran. No other country has this number of laws and regulations about another country that U.S. has about Iran. Some of the laws are as follows:

1. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195) codified to impose trade ban on Iran.

2. Iran Transactions Regulations (ITRs). These Regulations written pursuant to the executive orders and laws enumerated in regulations administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury. It imposes sanctions on oil transactions, transshipment and brokering; Iranian luxury goods; shipping insurances.

3. Iran Sanctions Act 1996 ("ISA"). It has been a pivotal component of U.S. sanctions against Iran's energy sector. Since its enactment in 1996, ISA's provisions have been expanded and extended to other Iranian industries. It was first enacted as The Iran and Libya Sanctions Act (ILSA, (P.L. 104-172, signed on August 5, 1996) but was later retitled the Iran Sanctions Act after it terminated with respect to Libya in 2006. ISA was the first major "extra-territorial sanction" on Iran—a sanction that authorizes U.S. penalties against third country firms. The Iran Sanctions Extension Act (H.R. 6297), extended ISA until December 31, 2026.

4. Iran Threat Reduction and Syrian Human Rights Act of 2012 (ITRSHRA, P.L. 112-158). The Act tightens still further U.S. sanctions against Iran, particularly in the energy, shipping, financial services, and insurance sectors.

5. National Defense Authorization Act (NDAA, P.L. 112-81, signed on December 31, 2011). Section 1245 of the FY2012 NDAA Sanctioning Transactions with Iran's Central Bank.

On May 8, 2018, President Trump announced that the United States would no longer participate in the JCPOA and that all U.S. secondary sanctions suspended to implement the JCPOA would be reimposed after a maximum "wind-down period" of 180 days (November 4, 2018). Some of the sanctions, but not on energy or banking transactions, went back into effect after a 90 day wind down period (August 6). The Administration has indicated it will not look favorably on requests by foreign governments or companies for exemptions to allow them to avoid penalties for continuing to do business with Iran after that time.



United Nations Sanctions

U.N. sanctions on Iran, enacted by the Security Council under Article 41 of Chapter VII of the U.N. Charter, 46 applied to all U.N. member states. During 2006-2008, three U.N. Security Council resolutions—1737, 1747, and 1803—imposed sanctions on Iran.

U.N. Security Council Resolution 2231 of July 20, 2015 endorsed the JCPOA and superseded all prior Iran-related resolutions as of Implementation Day (January 16, 2016) and lifted all U.N. sanctions discussed above. No change to the status of Resolution 2231 is anticipated as a consequence of the May 8, 2018, U.S. announcement that it will cease participating in the JCPOA.



European Union (EU) Sanctions and Solutions

After the passage of Resolution 1929 in June 2010, European Union (EU) sanctions on Iran became nearly as extensive as those of the United States. This was a clear contrast from most of the 1990s, when the EU countries refused to join the 1995 U.S.

EU diplomats have said that none of the EU sanctions will be reimposed by EU governments in concert with the U.S. exit from the JCPOA. For philosophical and possibly also economic reasons, European diplomats have indicated that they intend to try to protect their economic relations with Iran despite the U.S. pullout from the JCPOA. On August 6, 2018, a 1996 EU “blocking statute” took effect which seeks to protect EU firms from reimposed U.S. sanctions. The situation is complicated and the way in which the Blocking Regulation is implemented and enforced in the Member States will vary from country to country.

From a European perspective, sustaining economic exchange with Iran is not about advancing economic gains but rather about consolidating an agreement which is driven by pragmatic security concerns. The shared elements are clear—Iranian and European policymakers alike are foremost motivated by a need to salvage the JCPOA and thereby protect their economic sovereignty and autonomy in international relations.

To support these ends, Parties negotiating on a new banking architecture that must be at the heart of Europe's package to protect Europe-Iran economic ties. This banking architecture should be designed not to evade US sanctions, but to ensure that those companies that can operate in compliance with U.S. secondary sanctions have access to the necessary banking services.





Notable Points on Sanctions

A. In the event that a non-U.S., non-Iranian person is owed payment after the conclusion of the wind-down period on August 6, 2018, or November 4, 2018, as applicable, for goods or services fully provided or delivered to an Iranian counterparty prior to August 6, 2018, 5 or November 4, 2018, as applicable, pursuant to a written contract or written agreement entered into prior to May 8, 2018, and such activities were consistent with U.S. sanctions in effect at the time of delivery or provision, the U.S. government would allow the non-U.S., non-Iranian person to receive payment for those goods or services according to the terms of the written contract or written agreement.

B. Apply for Exemption License for Iran Crude Oil Purchase: The State Department will evaluate and make determinations with respect to significant reduction exceptions provided for in section 1245(d)(4)(D) of the NDAA at the end of the 180-day wind-down period to grant Exemption License for countries intend to purchase Iran Crude Oil.

C. Iran new sanctions brings opportunity for some people and some countries. For example, Chinese companies faced with strong competitors during 2016 and 2017 and by leaving European companies, they can get more projects in Iran.

D. Some believe sanctions have positive effects such as encouraging Iranian manufacturers to become independent and use Iranian material for their production more than before.





About ESK Law Firm

ESK Law Firm is one of Iranian leading law firms, with a reputation for standing out – and for being outstanding. We provide legal services in areas such as international trade law; international investment law; banking and finance law; energy law; company law, litigation as well as conduct due diligence for entities, represent clients for negotiating, and designing and drafting various kinds of international contracts. Our clients include multinational corporations, businesses, entrepreneurs, financial institutions and governments who seek advice in respect to their domestic and international affairs, including cross-border transactions and inward and outward investment activities.

ESK Law Firm's partners, with more than a decade experience in the legal services, provide professional services of substantial value to anyone who is presently managing, or considering development of local and international business operations. They offer the sharpest legal minds, the clearest advice, And an unshakable sense of what's possible.

www.ESKLawFirm.com
www.ESKAdvisoryGroup.com



info@ESKLawFirm.com