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A LAW FIRM SERVING A DIVERSE CLIENTELE IN IMPORT, EXPORT, FOREIGN-TRADE ZONE, AND INTERNATIONAL TRADE LAW.

IRAN SANCTIONS UPDATE
AUGUST 6, 2018

On May 8, 2018, President Trump announced that the United States was ending participation in the Joint Comprehensive Plan of Action (JCPOA) that was originally signed in July 2015. On August 6, President Trump issued [Executive Order \(EO\) 13846](#) that, effective August 7 at 12:01 a.m. EDT, reinstates the sanctions that were removed following the signing of the JCPOA.

Among the main provisions of EO 13846 are:

- Non-U.S. entities owned by U.S. entities are prohibited from engaging in any transactions related to Iran. If a non-U.S. subsidiary knowingly engages in a prohibited transaction, the U.S. parent may be penalized.
- The authorization to block persons or entities that provide support for:
 - Iran's acquisition of U.S. bank notes or precious metals;
 - Iran's shipping, ship building, and port operations;
 - Iran's energy sector; or
 - Any Iranian on the Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) List.

In addition, EO 13846 allows the United State to sanction:

- Any person engaging in a significant transaction related to the automotive industry in Iran or petroleum, petroleum-related products, or petrochemical-related products from Iran. Sanctions can also be imposed on the owner of a subsidiary that engages in such transactions, regardless of where they are domiciled;
- Any foreign financial institution that provides a significant financial transaction in support of the Iranian automotive sector, a person or entity on the SDN List, petroleum, petroleum-related products, or petrochemical-related products; and
- Any financial institution that conducts or facilitates significant transactions related to the Iranian Rial or maintains Iranian currency; and
- Any person or entity that provides support for activities related to censorship or human rights abuses.

Regulations related to sales for humanitarian activities including food, medicine, and medical equipment are unchanged.

Among the sanctions the United States can impose are:

- Prohibition from engaging in any contract with the U.S. Government;
- Denial of any visa or entry into the United States to company executives or officials;
- Prohibition on the use of U.S. Import-Export Bank loans or funds;
- Denial of any license;
- Prohibition on any transfer of credit or payments between financial institutions where the U.S. has jurisdiction;
- Blocking of any property within the United States owned by the sanctioned entity;
- Prohibition on U.S. persons purchasing a significant amount of debt or investing in a sanctioned entity; or
- Prohibition on the importation of goods into the United States from a sanctioned entity.

The European Union (EU) has indicated that it will impose blocking statutes against the U.S. sanctions, although it is not clear how effective these statutes will be; non-U.S. companies may have to decide how sanctioned transactions with Iran may impact their business relationships in the United States.

Please contact either [Chuck Ballard](#) or [Sean Murray](#) in our office at 816-561-4999 with questions relating to these sanctions and how to structure business activities in compliance with them.

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