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Congress Overwhelmingly Approves New Russia, Iran, and North Korea Sanctions Measures

On July 27, 2017, the Senate overwhelmingly passed (98-2) the Countering America's Adversaries Through Sanctions Act ([HR 3364](#)), previously passed in the House of Representatives (419-3) on July 25, 2017. This bill combines three separate sanctions measures: the Countering Iran's Destabilizing Activities Act (CIDAA), the Countering Russian Influence in Europe and Eurasia Act (CRIIEA), and the Korean Interdiction and Modernization of Sanctions Act, in an effort to broaden existing U.S. sanctions against Russia, Iran, and North Korea. Now that the bill has passed both the House and Senate, it will be sent to the president. While it remains unclear if President Trump will sign the bill, the near-unanimous House and Senate votes suggest any presidential veto will likely be overridden.

New Russia Sanctions

In particular, the legislation seeks to punish alleged Russian interference in U.S. elections by targeting important sectors of the Russian economy such as the oil, gas, and rail sectors, while also codifying existing sanctions and limiting President Trump's authority to lift Russia-related sanctions on his own. Among the key provisions of the CRIIEA are the following:

- > *Mandatory Sanctions on Entities Supporting the Russian Defense/Intelligence Sectors*
The president would be required to identify Russian individuals and entities that are deemed to engage in significant transactions with Russia's defense or intelligence sectors. These parties would be subject to a range of possible sanctions, including financial and blocking measures.

- > *Tightening of Sectoral Sanctions Restrictions Dealings in Russian New Debt/Equity*
The current debt financing restrictions in place on a number of major Russian financial institutions would be tightened, banning credits and loans with maturities of more than 14 days instead of the previous limit of 30. Similar restrictions on U.S. person dealings in new debt/equity of sanctioned companies in the Russian energy sector would be reduced to 60 days from the previous limit of 90 days.
- > *Sanctions on Russian Pipeline Sectors, Mining, and Rail Sectors.*
The bill authorizes the president to sanction any company that provides technology, services, or investment valued at more than \$1 million to Russian export pipeline projects. Russian state-owned entities operating in the metals, mining, and railways sector would also be eligible to be sanctioned.
- > *Expanded Sanctions on Oil Exploration and Production*
The bill broadens existing sanctions on deepwater, Arctic offshore, and shale projects, which currently are limited in their application to Russia and its surrounding waters. The bill proposed to extend the sanctions to new deepwater, Arctic offshore, and shale projects (projects that have the potential to produce oil) anywhere in the world if an entity subject to Directive 4 of the existing sanctions has a minimum of 33 percent ownership interest in the project.
- > *Congressional Review of Russia Sanctions Relief*
The bill would limit President Trump's authority to lift the sanctions already in place against Russia as well as any new Russia-related sanctions imposed under the legislation. Any presidential action to terminate sanctions against Russia would require review by Congress and could be blocked by a joint resolution passed by both the House and Senate.

At this time it is unclear what Russia's full response to these new sanctions measures may involve. Already Russia has ordered a reduction in the number of U.S. diplomats allowed in Russia and announced the seizure of at least two properties in Russia owned by the U.S. government. Further, it is anticipated that Russia may impose additional retaliatory sanctions against the United States if President Trump signs the bill. Therefore U.S. companies doing business in Russia should continue to monitor both U.S. and Russian sanctions developments.

New Iran Sanctions

The proposed Iran-related sanctions (CIDAA) are a modest expansion of existing sanctions, mainly in the form of new blocking orders against specific entities and individuals. Notably, the provisions of the bill are consistent with existing U.S. sanctions and the Joint Comprehensive Plan of Action (JCPOA), the 2015 agreement between the United States, Iran, China, the EU, France, Germany, Russia, and the United Kingdom. This means that the limited roll-back of U.S. sanctions under the JCPOA will remain in place.

Among the key provisions are the following:

- > *Ballistic Missile and Weapons of Mass Destruction Sanctions*
The bill would require the president to impose targeted sanctions and a travel ban on travel into the United States for individuals and entities who engage in or support activities related to Iran's ballistic missile program or the development of weapons of mass destruction. The proposed sanctions also apply to entities owned or controlled by individuals/entities determined to have engaged in these activities. Current sanctions only authorize the imposition of sanctions on individuals and entities who engage in these activities, allowing a degree of latitude as to whether to impose the sanctions, while the bill actually mandates that the sanctions be imposed on individuals and entities determined to have engaged in the activities.
- > *Reinforcement of Sanctions against Iran's Islamic Revolutionary Guard Corps*
The bill also imposes targeted sanctions against Iran's Islamic Revolutionary Guard Corps (IRGC) and foreign persons who are officials, agents, or affiliates of the IRGC. The bill acknowledges that sanctions already exist against the IRGC-

Quds Force (QF) for terrorism-related activities, but goes further and imposes sanctions on the entire IRGC and its officials, agents, and affiliates for “implementing Iran’s international program of destabilizing activities, support for acts of international terrorism, and the ballistic missile program.”

> *Human Rights Abuses Sanctions*

The bill directs the Secretary of State to identify and submit to Congress individuals responsible for perpetrating certain human rights abuses in Iran, specifically, those who commit extrajudicial murder or otherwise torture human rights activists and other dissidents. The bill further authorizes but does not mandate the president to impose sanctions, specifically blocking orders and travel bans, against the individuals identified by the secretary of state.

> *Arms Embargo-Related Sanctions*

The bill directs the president to impose sanctions, in the form of blocking orders and travel bans, on persons who knowingly contribute to the supply, sale, or transfer of prohibited arms to Iran, or who knowingly provide technical training, advice, or financial resources related to arms and related material, including spare parts. These provisions of the bill serve to support the existing United Nations arms embargo on Iran.

> *Congressional Reporting Requirements and Coordination of Strategy*

The bill also imposes unique reporting and coordination requirements on the various agencies of the U.S. government. Specifically, the bill directs the secretaries of state, defense, and the treasury and the director of national intelligence to coordinate with each other and submit a joint strategy to Congress to address the Iranian destabilization activities threatening the United States and its allies in the Middle East and Africa. The bill also directs the president to submit reports to Congress every 180 days that identify and account for any discrepancies between the U.S. and EU sanctions, as well as detail efforts to secure the release of U.S. citizens held in Iran.

New North Korea Sanctions

Although the United States already imposes a relatively comprehensive embargo against North Korea, the bill imposes additional sanctions measures to penalize North Korea for its nuclear and ballistic missile programs. Among the key provisions are the following:

- > Sanctions against non-U.S. persons that knowingly employ North Korean forced laborers (a high percentage of which work in Russia and China);
- > Prohibitions on third-country vessels that use North Korean ports from entering U.S. ports;
- > Additional restrictions on sales of jet fuel, luxury goods, and certain metals to North Korea; and a
- > Requirement that the president determine if North Korea is a “state sponsor of terrorism,” a designation that would trigger additional sanctions and export controls limitations on North Korea.

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