Alert | Export Controls & Economic Sanctions

November 2018

Iran Sanctions 'Snapback' Finalized Nov. 5, 2018

As reported in our previous GT Alerts, on May 8, 2018, President Trump announced his decision to withdraw the United States from the Iran Joint Comprehensive Plan of Action (JCPOA), and on June 27, 2018, OFAC issued amended regulations and general licenses implementing the withdrawal.

The Office of Foreign Assets Control's (OFAC) re-imposition of Iran sanctions pursuant to the U.S. withdrawal from the JCPOA was set up in two phases, with the first set of Iran sanctions "snapping back" Aug. 7, 2018, and the final set of sanctions snapping back Nov. 5, 2018. The main changes to the Iran sanctions that became effective Nov. 5 include:

- **Foreign Subsidiaries of U.S. Entities Again Subject to Iran Embargo:** While the United States was a party to the JCPOA, activities in Iran by non-U.S. subsidiaries of U.S. companies were generally permissible under OFAC's General License H. After the U.S. withdrawal from the JCPOA, OFAC revoked General License H and required U.S. companies' foreign subsidiaries to wind down most of their previously authorized Iran-related activities by Nov. 4. With the end of the wind-down period, U.S. companies' foreign subsidiaries once again must comply with the restrictions and prohibitions of the U.S. embargo against Iran.
- **Re-Imposition of Secondary Sanctions in Certain Sectors of the Iranian Economy:** Effective Nov. 5, non-U.S. individuals and entities that do business with certain sectors of Iran's economy will again be exposed to U.S. sanctions, including dealings with:
  - Iranian port operators, shipping, and shipbuilding sectors
  - Petroleum-related transactions (including the purchase of petroleum, petroleum products, or petrochemical products from Iran)

  - Certain Iranian financial institutions (including the Central Bank of Iran)
  - Iran's energy sector

  In a press statement, the State Department indicated that it will grant temporary exemptions from the petroleum-related sanctions restrictions to eight countries – China, India, Italy, Greece, Japan, South Korea, Taiwan, and Turkey – to allow them to continue to purchase oil from Iran.

- **Additions to the SDN List:** Since May 8, 2018, OFAC has indicated it plans to relist persons and entities that were removed from the Specially Designated Nationals (SDN) List in January 2016 pursuant to the JCPOA. On Nov. 5, OFAC added over 700 persons to the SDN list, including parties that had been removed in connection with the JCPOA.

Even when the United States was a party to the JCPOA, U.S. persons remained prohibited from engaging in almost all dealings with Iran. However, the re-imposition of these sanctions represents a significant change in the permissibility of dealings in Iran undertaken by non-U.S. parties. In light of the changing legal landscape, it is important for businesses with international operations to assess compliance with these updated sanctions and ensure that non-U.S. parties understand the ways in which U.S. sanctions law may apply to them.

About Greenberg Traurig's Export Controls & Economic Sanctions Team

Based in Washington, D.C. and Europe, our Export Controls & Economic Sanctions team advises and represents clients on the full range of international goods, software and technology transfer issues. We have broad experience providing export controls and related regulatory counsel to both U.S. and foreign businesses. Our industry-specific experience includes assisting companies in a wide range of industries such as aerospace, defense, firearms and ammunition, electronics, software and information technology, financial services, energy, food, consumer products, biotechnology, medical device and engineering services.

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