

UNITED AGAINST NUCLEAR IRAN

Next Steps in the Maximum Pressure Campaign:

The Trump administration's maximum pressure campaign is wreaking maximum havoc on Iran's economy. The International Monetary Fund predicted the Iranian economy is projected to contract by 9.5% in 2019, its worst economic performance since 1984. Iran has been lashing out in recent months because of the power of U.S. sanctions. Critics mistakenly thought such an outcome was impossible without Europe on board. But there's still more that can be done:

- First, the Trump administration should be pushing the Financial Action Task Force (FATF) to fully re-impose countermeasures on Iran at its next plenary in February 2020.
- Second, President Trump's Executive Order targeting Iran's supreme leader and his associates in June 2019 was a force multiplier to the existing sanctions architecture. The administration needs to supplement these efforts by making greater use of authorities for addressing human rights abuses, censorship, and corruption in Iran. More than 60 Iranian officials sanctioned by the European Union for human rights violations have not been designated by the U.S. government. The Trump administration should more aggressively employ Executive Order 13553—under which only 33 entities and persons have been sanctioned—the Global Magnitsky Act, and Executive Order 13846 to proscribe Iran's worst offenders.

After the crackdown on protesters in November 2019, these new sanctions should include Iran's Supreme National Security Council (SNSC), which gave the order to shut down the country's access to the internet, and Hassan Rouhani in his role as chairman of the SNSC; and Ali Shamkhani in his role as secretary of the SNSC. Iran's Intelligence Minister Mahmoud Alavi, a member of the SNSC, should also be sanctioned given his ministry's role in arresting dual nationals and suppressing dissent inside Iran. Separate terrorism designations should also be applied to Alavi because of the U.S. intelligence community's finding of a probable Ministry of Intelligence and Security plot to bomb a 2018 gathering of Iranian dissidents in Paris, where former European and U.S. officials were in attendance.

Other human rights and censorship sanctions should include Iran's Justice Minister Alireza Avaei, given his role in the 1988 massacre of thousands of Iranian dissidents; Iran's Attorney General Mohammad Jafar Montazeri, Secretary of Iran's Supreme Council of Cyberspace Abolhassan Firouzabadi, and Iran's entire Ministry of Information and Communications Technology and National Information Network for their role in enabling the internet blackout during the November 2019 protests. Interior Minister Abdolreza Rahmani-Fazli, Deputy Interior Minister Hossein Zolfaghari, the Ministry of the Interior, as well as Tehran Revolutionary Court head Mousa Ghazanfarabadi should also be considered for designation for their roles in suppressing the protests and threatening protesters with grave consequences; and the Tehran Revolutionary Court's

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head Mousa Ghazanfarabadi, as well as its infamous “hanging judge,” Abolqassem Salavati, for the harsh sentences they have leveled on protesters in the past and will inevitably hand down this time as well.

- Third, the U.S. government should make human rights for the Iranian people a priority and consequently add the end of human rights abuses to the administration’s stated requirements for a new deal.
- Fourth, Congress should enact—and the administration should fully implement—the Iran Human Rights and Hostage-Taking Accountability Act, sponsored by House Foreign Affairs Committee Ranking Member Michael McCaul (R-TX), which requires sanctions on senior regime officials and others responsible for hostage-taking and other human rights abuses. If Congress fails to pass that legislation, the president should nonetheless impose its provisions through existing legal authorities and, if necessary, new executive orders.
- Fifth, the U.S. government needs to further crack down on Iran’s petrochemicals sector—its second largest export industry after oil. In June 2019, the U.S. Department of the Treasury took action against Iran’s largest and most profitable petrochemical holding group, Persian Gulf Petrochemical Industries (PGPIC), and PGPIC’s vast network of 39 subsidiary petrochemical companies and foreign-based sales agents. However, individual sanctions need to be levied against every Iranian petrochemical company and complex, as well as other key players in the sector, in order to eliminate any regulatory gap. Notably, Tamin Petroleum & Petrochemical Investment Co (TAPPICO), a subsidiary of state-owned Social Security Investment Company (SSIC) and a major investment vehicle holding majority stakes in multiple petrochemical plants, projects, and companies, warrants a similar designation to PGPIC.
- Sixth, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) should broaden the scope of activities constituting ‘significant support’ to Iran’s shipping sector. In line with recent guidance, OFAC should punish not only bunkering specialists, but also port authorities, importing agents, management firms, charterers, operators, marine insurers, classification societies, and all other “maritime services providers.” Presently, this web of maritime firms is allowing Iran’s 200-strong fleet of sanction-designated vessels, as well as non-Iranian vessels carrying sanctioned Iranian goods, to dock and unload cargos at ports all around the world. As part of this, the U.S. government should expand and delineate very precisely the range of sanctionable maritime services.
- Seventh, the U.S. Department of State should make greater use of its ability to designate Iran-backed Shiite militias as foreign terrorist organizations (FTOs). To date, aside from the IRGC, the only Shiite militias styled as FTOs are Hezbollah in Lebanon, Kataib Hezbollah in Iraq, the al-Ashtar Brigades in Bahrain, and Asaib Ahl al-Haq. Similar

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entities acting as Iran's proxies should likewise be added to the FTO list—including the Houthis, the Badr Organization, Saraya Khorassani, Harakat Hezbollah al-Nujaba, Kata'ib Imam Ali, Zainabiyoun Brigade, Fatemiyoun Division, Liwa Abu al-Fadhal al-Abbas, and Kata'ib Sayyid al-Shuhada. As an interim measure, the U.S. government should levy terrorism sanctions against Iran's affiliates in Iraq, Syria, and Yemen under Executive Order 13224.

- Eighth, the U.S. government must strengthen its own sanctions architecture targeting Hezbollah. In addition to strengthening and expanding measures in place to eject Hezbollah from the Lebanese financial and banking sector, the United States must also work with its partners to curtail, and ultimately end, the group's unofficial funding streams – including, to the extent possible, charitable donations within Lebanon, and funding channeled through money transfer companies.

Money transfer companies like Western Union, Online Money Transfer (OMT) S.A.L., MoneyGram, and CashUnited all have branches throughout Lebanon – including in areas under Hezbollah's influence or control – and engage in international and domestic money transfers. They could be unwittingly used by Hezbollah or affiliates to surreptitiously transfer funds internationally or within Lebanon.

The United States must also target the group's vast economic holdings in Lebanon as well as offshore companies—including legitimate businesses and investments—in addition to targeting those businesses' suppliers. Entities like this include Atlas Holding – which is partially owned by Hezbollah's Martyr Foundation – and its subsidiaries. These subsidiaries are Amana Fuel Co. and Amana Plus Co., which own a chain of gas stations and trade in fuel and oil derivatives; Shahed Pharm, involved in pharmaceutical drug importation and local wholesale; and MEDIC, which imports and sells pharmaceuticals, cosmetics, and medical equipment for local wholesale.

It must also expand its sanctions list targeting Hezbollah's political, party, and military officials alike, in addition to applying pressure on Hezbollah's Lebanese political allies. This includes all current or future parliamentarians and government ministers who are direct members of Hezbollah, and alleged independents – like current caretaker Health Minister Jamil Jabaq, MP Jamil Al-Sayyed, or former Foreign Minister Fawzi Salloukh (2005-2009) – acting on behalf of the group in government. Pressure and more limited sanctions must also be applied to the Free Patriotic Movement, AMAL Movement, and other parties allied with Hezbollah – including sanctioning economic or business holdings controlled by the parties or their officials in Lebanon or abroad, placing restriction on their travel to the United States, and restrictions on these parties and their officials' campaigning or fundraising among Lebanese diaspora communities in the United States. Sanctions should also be applied to individuals like the attorney Hassan Bazzi, who has repeatedly used Lebanese law and the legal system to intimidate and silence Hezbollah's opponents and critics through “lawfare.”

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The U.S. government should also target Iranian religious endowments – the so-called Bonyads, directly controlled by Iranian Supreme Leader Ali Khamenei – that provide Hezbollah with funding. These include the Astan Quds Razavi (Imam Reza Shrine foundation), the Bonyad-e Mostazafan va Janbazan (Foundation of the Oppressed and Disabled), Bonyad-e Panzdah-e Khordad (15 Khordad Foundation), and the Bonyad Maskan (Housing Foundation).

The United States must also work with like-minded partners—like the United Kingdom and its Arab allies—to exert their influence on the European Union, individual EU Member States, the United Nations, and beyond to also comprehensively sanction Hezbollah in its entirety as a terrorist organization.

- Ninth, the U.S. government should be prepared to first sanction the Iranian counterpart to INSTEX—Special Trade and Financial Institute—and then INSTEX itself if it is used beyond its humanitarian purposes or if designated Iranian entities participate in the special purpose vehicles.
- Tenth, SWIFT announced it would comply with U.S. sanctions on Iran and suspend “certain” Iranian banks. The U.S. government should demand that SWIFT terminate its relationships with all Iranian banks and financial institutions currently connected to that network.
- Eleventh, Iran’s Mahan Airline, designated since 2011 for its ongoing role in facilitating the IRGC’s supply of weapons and personnel to Middle Eastern war zones including Syria, continues to operate flights and dock at airports across Europe, Asia, and North Africa. Germany, Italy and France recently terminated Mahan Air service to their countries. The U.S. government should bring pressure to bear on its allies, including Spain and Greece, to follow France, Italy and Germany’s lead and cease business with this airline implicated in war crimes.
- Twelfth, the U.S. Treasury should further inhibit the ongoing Iranian trade conference circuit. There are still dozens of Iran trade conferences encouraging foreign investment and business attended by Western companies. The U.S. Department of the Treasury has already sanctioned the New Horizons conference organizer for supporting the IRGC-QF and for “host[ing] international conferences that have provided Iranian intelligence officers a platform to recruit and collect intelligence information from attendees...” The Treasury Department should likewise sanction Iran’s leading conference organizer, the Iran International Exhibition Co (IIEC). Accurately describing itself as “one of the most important economic and trade companies,” the IIEC is a key facilitator of foreign trade for European and Asian SMEs and holds around 90 exhibitions each year. Like New Horizons, the IIEC regularly works with multiple sanction-designated, GOI- and IRGC-

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affiliated entities including the National Iranian Oil Company (NIOC), the Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO), the Industrial Development and Renovation Organization of Iran (IDRO), the Trade Promotion Organization of Iran, the Iranian Chamber of Commerce, Industries, Mine and Agriculture (ICCIMA), and the Iranian Customs Administration (IRICA). Furthermore, the Treasury Department should sanction any European organizer, notably including Germany's IMAG GmbH, which continues to play a big role in convening Iranian conferences. Finally, the U.S. government should call on all foreign companies to refrain from attending Iranian trade shows and business conferences for the same reasons that New Horizons was sanctioned: exposure to surveillance and corporate theft.

- Thirteenth, the State Department should rescind the remaining civil nuclear waivers under the Joint Comprehensive Plan of Action (JCPOA).
- Fourteenth, the U.S. should end the ongoing sanctions waiver given to the port development of Chabahar, Iran's sole ocean port, located on the Gulf of Oman. Italian companies are already planning to establish a trade route between Venice and Chabahar, and other countries will follow. Chabahar port should be subject to the same sanctions as all other Iranian ports: a maximum pressure policy cannot allow exemptions for critical infrastructure projects that will provide a huge boon for Iranian exports.
- Fifteenth, in the face of continued Iranian violations of the JCPOA, after the United States assumes the presidency of the U.N. Security Council in December, it should invoke the snapback provision under Resolution 2231 to re-impose international sanctions on Iran. Such a step would build even more leverage to force Iran back to the table to renegotiate a more comprehensive accord. Resolution 2231 still defines the United States as a "JCPOA participant" even though Washington has withdrawn from the agreement.
- Sixteenth, the United States should also sanction any Lebanese, Iranian, or other companies, entities, or individuals involved in Syria reconstruction efforts. These entities – particularly Lebanese or Iraqi ones – are likely to be affiliated with, or controlled by, Iranian proxy groups or their supporters, and will receive a financial windfall from Syria reconstruction. Additionally, hindering Syria reconstruction denies Iran the ability to use the country as a trading partner, allowing it to circumvent U.S. sanctions.
- Seventeenth, the United States should sanction all senior officials associated with the IRGC's engineering and construction arm, Khatam al-Anbiya Construction Base (KCB a.k.a. Khatam ol-Anbiya Construction Base; Khatam al-Anbiya (KAA) Headquarters; KAA-IRGC; GHORB). In October 2018, IRGC Commander-in-Chief Jafari appointed Saeed Mohammad (a.k.a. Saeed Mohammad Esmaili) as KCB's new "Commander." Mohammad must be individually designated to inhibit his and KCB's abilities to solicit

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foreign investment which directly advances the IRGC's cause. As Iran's largest contractor for industrial and construction projects with hundreds of satellite firms under its control, KCB is the most critical element in the IRGC's economic dominance over the Iranian economy.