

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 just predicted the Iranian economy is projected to contract by 9.5% this year, 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 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 employ Executive Order 13553—under which only 33 entities and persons have been sanctioned—the Global Magnitsky Act, and other authorities to proscribe Iran's worst offenders, like judiciary chief Ebrahim Raisi.
- 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

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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, and the al-Ashtar Brigades in Bahrain. Similar entities acting as Iran's proxies should likewise be added to the FTO list—including the Houthis and Asaib Ahl al-Haq. 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. It must target the group's vast economic holdings in Lebanon as well as off-shore companies—including legitimate businesses and investments—in addition to targeting those businesses' suppliers. 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. The U.S. government should also target Iranian religious endowments that provide Hezbollah with funding and 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.

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- 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 and France recently terminated Mahan Air service to their countries. The U.S. government should bring pressure to bear on its allies, including Spain, Italy, and Greece, to follow France 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-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, 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.
- Fifteenth, 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

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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.