

Administration of Barack Obama, 2013

Message to Congress on Authorizing Additional Sanctions With Respect to Iran

June 3, 2013

To the Congress of the United States:

Pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), I hereby report that I have issued an Executive Order (the "order") that takes additional steps with respect to the national emergency declared in Executive Order 12957 of March 15, 1995, and implements certain statutory requirements of the Iran Freedom and Counter-Proliferation Act of 2012 (subtitle D of title XII of Public Law 112–239) (22 U.S.C. 8801 *et seq.*) (IFCA), which amends the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Public Law 111–195) (22 U.S.C. 8501 *et seq.*) (CISADA).

In Executive Order 12957, the President found that the actions and policies of the Government of Iran threaten the national security, foreign policy, and economy of the United States. To deal with that threat, the President declared a national emergency and imposed prohibitions on certain transactions with respect to the development of Iranian petroleum resources. To further respond to that threat, Executive Order 12959 of May 6, 1995, imposed comprehensive trade and financial sanctions on Iran. Executive Order 13059 of August 19, 1997, consolidated and clarified the previous orders. To take additional steps with respect to the national emergency declared in Executive Order 12957 and to implement section 105(a) of CISADA, I issued Executive Order 13553 on September 28, 2010, to impose sanctions on officials of the Government of Iran and other persons acting on behalf of the Government of Iran determined to be responsible for or complicit in certain serious human rights abuses.

To take additional steps with respect to the threat posed by Iran and to provide implementing authority for a number of the sanctions set forth in the Iran Sanctions Act of 1996 (Public Law 104–172) (50 U.S.C. 1701 note) (ISA), as amended by CISADA, I issued Executive Order 13574 on May 23, 2011, to authorize the Secretary of the Treasury to implement certain sanctions imposed by the Secretary of State pursuant to ISA, as amended by CISADA. I also issued Executive Order 13590 on November 20, 2011, to take additional steps with respect to this emergency by authorizing the Secretary of State to impose sanctions on persons providing certain goods, services, technology, or support that contribute either to Iran's development of petroleum resources or to Iran's production of petrochemicals, and to authorize the Secretary of the Treasury to implement some of those sanctions. On February 5, 2012, in order to take further steps pursuant to this emergency, and to implement section 1245(c) of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81) (22 U.S.C. 8513a), I issued Executive Order 13599 blocking the property of the Government of Iran, all Iranian financial institutions, and persons determined to be owned or controlled by, or acting for or on behalf of, such parties. On April 22, 2012, and May 1, 2012, I issued Executive Orders 13606 and 13608, respectively. Executive Orders 13606 and 13608 each take additional steps with respect to various emergencies, including the emergency declared in Executive Order 12957 concerning Iran, to address the use of computer and information technology to commit serious human rights abuses and efforts by foreign persons to evade sanctions.

To take additional steps with respect to the national emergency declared in Executive Order 12957, I issued Executive Order 13622 of July 30, 2012, imposing further sanctions in

light of the Government of Iran's use of revenues from petroleum, petroleum products, and petrochemicals for illicit purposes; Iran's continued attempts to evade international sanctions through deceptive practices; and the unacceptable risk posed to the international financial system by Iran's activities.

Most recently, I issued Executive Order 13628 of October 9, 2012, to take additional steps with respect to the national emergency declared in Executive Order 12957 and to implement certain statutory requirements of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law 112–158) (22 U.S.C. 8701 *et seq.*) (TRA), including its amendments to the statutory requirements of ISA and CISADA.

With respect to the order that I have just issued, section 1 of the order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to impose financial sanctions on or to block all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person (including any foreign branch) of a foreign financial institution determined to have, on or after the effective date of the order:

- knowingly conducted or facilitated any significant transaction related to the purchase or sale of Iranian rials or a derivative, swap, future, forward, or other similar contract whose value is based on the exchange rate of the Iranian rial; or
- maintained significant funds or accounts outside the territory of Iran denominated in the Iranian rial.

Section 2 of the order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to block all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person (including any foreign branch) of any person upon determining:

- that the person has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any Iranian person included on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control (SDN List) (other than an Iranian depository institution whose property and interests in property are blocked solely pursuant to Executive Order 13599) or any other person included on the SDN List whose property and interests in property are blocked pursuant to this paragraph or Executive Order 13599 (other than an Iranian depository institution whose property and interests in property are blocked solely pursuant to Executive Order 13599); or
- pursuant to authority delegated by the President and in accordance with the terms of such delegation, that sanctions shall be imposed on such person pursuant to section 1244(c)(1)(A) of IFCA.

Section 3 of the order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to impose financial sanctions on a foreign financial institution determined to have knowingly conducted or facilitated any significant financial transaction:

- on behalf of any Iranian person included on the SDN List (other than an Iranian depository institution whose property and interests in property are blocked solely pursuant to Executive Order 13599) or any other person included on the SDN List whose property and interests in property are blocked pursuant to subsection 2(a)(i) of the order or

Executive Order 13599 (other than an Iranian depository institution whose property and interests in property are blocked solely pursuant to Executive Order 13599); or

- on or after the effective date of the order, for the sale, supply, or transfer to Iran of significant goods or services used in connection with the automotive sector of Iran.

Section 5 of the order authorizes the Secretary of State, in consultation with the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Homeland Security, and the United States Trade Representative, and with the President of the Export-Import Bank, the Chairman of the Board of Governors of the Federal Reserve System, and other agencies and officials as appropriate, to impose sanctions on a person upon determining that the person:

- on or after the effective date of the order, knowingly engaged in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the automotive sector of Iran;
- is a successor entity to a person determined to meet that criterion;
- owns or controls a person determined to meet that criterion, and had knowledge that the person engaged in the activities referred to therein; or
- is owned or controlled by, or under common ownership or control with, a person determined to meet that criterion, and knowingly participated in the activities therein.

Sections 6 and 7 of the order provide that, for persons determined to meet any of these criteria, the heads of the relevant agencies, in consultation with the Secretary of State, shall implement the sanctions imposed by the Secretary of State. Those sanctions may include the following actions:

- the Board of Directors of the Export-Import Bank shall deny approval of the issuance of any guarantee, insurance, extension of credit, or participation in an extension of credit in connection with the export of any goods or services to the sanctioned person;
- agencies shall not issue any specific license or grant any other specific permission or authority under any statute that requires the prior review and approval of the United States Government as a condition for the export or reexport of goods or technology to the sanctioned person;
- for a sanctioned person that is a financial institution: the Chairman of the Board of Governors of the Federal Reserve System and the President of the Federal Reserve Bank of New York shall take such actions as they deem appropriate, including denying designation, or terminating the continuation of any prior designation of, the sanctioned person as a primary dealer in United States Government debt instruments; or agencies shall prevent the sanctioned person from serving as an agent of the United States Government or serving as a repository for United States Government funds;
- agencies shall not procure, or enter into a contract for the procurement of, any goods or services from the sanctioned person;
- the Secretary of State shall deny a visa to, and the Secretary of Homeland Security shall exclude from the United States, any alien that the Secretary of State determines is a corporate officer or principal of, or a shareholder with a controlling interest in, a sanctioned person;

- the heads of the relevant agencies, as appropriate, shall impose on the principal executive officer or officers, or persons performing similar functions and with similar authorities, of a sanctioned person any of the sanctions described above, as selected by the Secretary of State;
- the Secretary of the Treasury shall take actions where necessary to:
 - prohibit any United States financial institution from making loans or providing credits to the sanctioned person totaling more than \$10,000,000 in any 12-month period, unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities;
 - prohibit any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which the sanctioned person has any interest;
 - prohibit any transfers of credit or payments between financial institutions or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of the sanctioned person;
 - block all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person, (including any foreign branch) of the sanctioned person, and provide that such property and interests in property may not be transferred, paid, exported, withdrawn, or otherwise dealt in;
 - prohibit any United States person from investing in or purchasing significant amounts of equity or debt instruments of a sanctioned person;
 - restrict or prohibit imports of goods, technology, or services, directly or indirectly, into the United States from the sanctioned person; or
 - impose on the principal executive officer or officers, or persons performing similar functions and with similar authorities, of a sanctioned person any of the sanctions described above, as appropriate.

Section 7 of the order also provides that, when the Secretary of State or the Secretary of the Treasury pursuant to authority delegated by the President and in accordance with the terms of such delegation, has determined that sanctions shall be imposed on a person pursuant to sections 1244(d)(1)(A), 1245(a)(1), or 1246(a)(1) of IFCA (including in each case as informed by section 1253(c)(2) of IFCA), such Secretary may select one or more of the sanctions described above for which the Secretary of the Treasury shall take such action, and the Secretary of the Treasury shall take actions where necessary to implement those sanctions.

Sections 8 and 11 of the order implement the statutory requirements of CISADA, as amended by section 1249 of IFCA. They authorize the Secretary of the Treasury to block all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any United States person (including any foreign branch), and the Secretary of State to suspend entry into the United States, of persons determined by the Secretary of the Treasury, in consultation with or at the recommendation of the Secretary of State:

- to have engaged, on or after January 2, 2013, in corruption or other activities relating to the diversion of goods, including agricultural commodities, food, medicine, and medical devices, intended for the people of Iran;
- to have engaged, on or after January 2, 2013, in corruption or other activities relating to the misappropriation of proceeds from the sale or resale of goods described above;
- to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the activities described above or any person whose property and interests in property are blocked pursuant to these provisions; or
- to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to these provisions.

I have delegated to the Secretary of the Treasury the authority, in consultation with the Secretary of State, to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, as may be necessary to carry out the purposes of the order, other than the purposes described in sections 5, 6, and 11 of the order. All agencies of the United States Government are directed to take all appropriate measures within their authority to carry out the provisions of the order.

The order, a copy of which is enclosed, becomes effective at 12:01 a.m. eastern daylight time on July 1, 2013.

BARACK OBAMA

The White House,
June 3, 2013.

Categories: Communications to Congress : Iran, additional U.S. sanctions, message on authorization.

Subjects: Iran : Human rights issues; Iran : U.S. sanctions.

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