

New Sanctions Target Iran's Metals, Construction, Mining, Manufacturing, and Textiles Industries

January 2020

US Sanctions Team: [Richard Burke](#), [Nicole Erb](#), [Claire A. DeLelle](#), [Cristina Brayton-Lewis](#), [Kristina Zissis](#), [Peter Chessick](#), [Emily Holland](#), [Sandra Jorgensen](#), [Margaret Spicer](#), [Alana Toabe](#), [Ata Akiner](#)

On January 10, 2020, the President signed a new Executive Order (EO), "Imposing Sanctions With Respect to Additional Sectors of Iran," targeting Iran's construction, mining, manufacturing, and textiles industries¹. On the same day, the US Department of the Treasury's Office of Foreign Assets Control (OFAC) targeted Iran's metals industry by blocking the property of Iran's largest steel, aluminum, copper, and iron manufacturers, and targeted its senior leadership by blocking the property of eight senior regime officials, adding them all to its list of Specially Designated Nationals and Blocked Persons (SDN List).² US Persons that deal with the parties designated on January 10, 2020, or that are designated in the future pursuant to the EO, would be in violation of US sanctions. Non-US parties that deal with such designated parties risk being found to engage in sanctionable activity, which could result in their becoming sanctioned parties and restrict them from commercial and financial dealings with the United States.

New Iranian Executive Order

The new EO, effective January 10, 2020, authorizes blocking and visa sanctions against persons determined to be operating in targeted sectors of the Iranian economy and foreign financial institutions facilitating certain related transactions, as discussed below.

Sanctions Targeting Iranian Construction, Mining, Manufacturing, and Textiles Sectors

The EO prohibits dealings involving the United States or US persons in the property and interests in property of persons determined by the Secretary of the Treasury, in consultation with the Secretary of State, to:

¹ Executive Order of January 10, 2020, [available here](#).

² Dep't of the Treasury, Press Release (January 10, 2020), [available here](#).

-
- Operate in the construction, mining, manufacturing, or textiles sector of the Iranian economy, or any other sector of the Iranian economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State;
 - Have knowingly engaged in a significant transaction for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with a sector specified in or determined pursuant to this EO;
 - Have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person blocked pursuant to this EO; or
 - Be owned or controlled by, or have acted or purported to act for or on behalf of, directly or indirectly, any person blocked pursuant to this EO.

The EO additionally imposes visa denials on person blocked pursuant to this order.

Sanctions Targeting Foreign Financial Institutions

The EO also authorizes correspondent or payable-through account sanctions on a foreign financial institution determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have knowingly conducted or facilitated any significant financial transaction:

- For the sale, supply, or transfer to or from Iran of significant goods or services used in connection with a sector of the Iranian economy specified in or determined pursuant to this EO; or
- For or on behalf of any person blocked pursuant to this EO.

Such foreign financial institution may be subject to restrictions or prohibitions on opening and maintaining correspondent or payable-through accounts in the United States.

Additions to the SDN List

On January 10, 2020, OFAC designated to the SDN List eight senior Iranian regime officials³ and Iran's largest steel, aluminum, copper, and iron manufacturers.⁴ Additionally, OFAC designated three China- and Seychelles-based companies and a related vessel for reportedly purchasing and transporting Iranian metals and metal products and providing critical materials for Iranian metal production.⁵ All of these individuals and entities newly designated to the SDN List are tagged by OFAC as being subject to secondary sanctions.⁶

Senior Iranian Regime Officials

Of the eight senior Iranian officials added to the SDN List, six were designated for "being persons appointed to a position as a state official" of Iran, including officials of Iran's Supreme National Security Council, Islamic Revolutionary Guard Corps and its paramilitary force, Armed Forces, and Expediency Council. The remaining two individuals were designated for "having acted or purported to act for or on behalf of, directly or indirectly, the Supreme Leader."⁷

³ Designated pursuant to EO 13876.

⁴ Designated pursuant to EO 13871.

⁵ *Id.*

⁶ Identifying information on the individuals, entities, and vessel designated on January 10, 2020, [available here](#).

⁷ Designated pursuant to EO 13876.

Iranian Metals Industry

OFAC designated 22 entities to the SDN List for operating in the iron, steel, or copper sector of Iran.⁸ The designations include the 13 largest steel and iron manufacturers in Iran and one Oman-based company:

- Mobarakeh Steel Company
- Saba Steel
- Hormozgan Steel Company
- Esfahan Steel Company
- Oxin Steel Company
- Khorasan Steel Company
- South Kaveh Steel Company
- Iran Alloy Steel Company
- Golgohar Mining and Industrial Company
- Chadormalu Mining and Industrial Company
- Arfa Iron and Steel Company
- Khuzestan Steel Company
- Iranian Ghadir Iron & Steel Co
- Reputable Trading Source LLC (Oman)

Additionally, OFAC designated four companies for operating in the Iranian aluminum or copper sectors:

- Iran Aluminum Company
- Al-Mahdi Aluminum Corporation
- National Iranian Cooper Industries
- Khalagh Tadbir Pars Co.

OFAC also designated China- and Seychelles-based companies and a related vessel. OFAC stated that it designated these companies and vessel for purchasing and transporting Iranian metals and metal products and providing critical materials for Iranian metal production:

- Pamchel Trading Beijing Co. Ltd.
- Power Anchor Limited
- Hongyuan Marine Co. Ltd.
- Hong Xun (D5GG9)⁹

Effect of Designations

All property and interests in property of a person on the SDN List located in the United States or in the possession or control of a US person is blocked and cannot be dealt in. Any entity in which one or more blocked persons directly or indirectly holds a 50 percent or greater ownership interest in the aggregate is itself considered blocked by operation of law.

Conclusion

The new EO and sanctions imposed on January 10, 2020, are the latest manifestations of the Trump Administration's "maximum pressure" campaign on Iran. Companies doing business involving any Iranian entities should monitor closely the implementation of the new EO and other measures imposed by the United States to

⁸ Designated pursuant to EO 13871.

⁹ According to the designation information, the vessel is owned by Hongyuan Marine Co. Ltd. and registered under the Liberian flag with Vessel Registration Identification IMO 9588885; MMSI 636016459.

ensure compliance. Although the new EO names only Iran's construction, mining, manufacturing, and textiles sectors, it provides authority for the addition of other targeted sectors. Penalties for noncompliance can be severe.

White & Case LLP
701 Thirteenth Street, NW
Washington, District of Columbia 20005-3807
United States

T +1 202 626 3600

In this publication, White & Case means the international legal practice comprising White & Case LLP, a New York State registered limited liability partnership, White & Case LLP, a limited liability partnership incorporated under English law and all other affiliated partnerships, companies and entities.

This publication is prepared for the general information of our clients and other interested persons. It is not, and does not attempt to be, comprehensive in nature. Due to the general nature of its content, it should not be regarded as legal advice.