The White House

Office of the Press Secretary

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Fact Sheet: Sanctions Related to Iran

"Because of our efforts, Iran is under greater pressure than ever before…Few thought that sanctions could have an immediate bite on the Iranian regime. They have, slowing the Iranian nuclear program and virtually grinding the Iranian economy to a halt in 2011. Many questioned whether we could hold our coalition together as we moved against Iran's Central Bank and oil exports. But our friends in Europe and Asia and elsewhere are joining us. And in 2012, the Iranian government faces the prospect of even more crippling sanctions."

President Barack Obama
March 4, 2012

In July 2012, the Obama Administration took two actions to further isolate and penalize Iran for its refusal to live up to its international obligations regarding its nuclear program, and to hold accountable financial institutions that knowingly provide financial services to Iranian banks that are under U.S. sanctions for their connection to illicit activities. These steps are part of President Obama's commitment to prevent Iran from acquiring nuclear weapons by raising the cost of Iran's defiance of the international community.

Signing Executive Order "Authorizing Additional Sanctions With Respect to Iran"

- The Executive Order signed on July 30, 2012 by President Obama expands upon sanctions in section 1245 of the FY 2012 National Defense Authorization Act (NDAA) to make sanctionable knowingly conducting or facilitating significant transactions with a private or public foreign financial institution or other entity for the purchase or acquisition of Iranian oil.
- This sanction is designed to deter Iran or any other country from establishing payment mechanisms for the purchase of Iranian oil to circumvent the NDAA sanctions.
- The existing exception rules under the NDAA apply to this new sanction. Thus, countries that are determined to have significantly reduced their volume of purchases of Iranian crude oil will receive an exception from this new measure as well. To date, all major purchasers of Iranian crude have significantly reduced their purchases and received exceptions, demonstrating the success of U.S. sanctions policy in reducing Iranian oil sales and revenues.
- Additionally, existing sanctions on Iran's petrochemical industry are expanded by making sanctionable significant transactions for the purchase or acquisition of Iranian petrochemical products.

- Sanctions are also authorized for individuals and entities that provide material support to the National Iranian Oil Company, Naftiran Intertrade Company, or the Central Bank of Iran, or for the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran.

Imposing Sanctions Under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA)

Today, the Department of the Treasury imposed sanctions under CISADA on Bank of Kunlun in China and Elaf Islamic Bank in Iraq, for knowingly facilitating significant transactions or providing significant financial services to Iranian banks designated for their connection to Iran's support for terrorism or proliferation.

This action exposes the involvement of Bank of Kunlun and Elaf Islamic Bank with designated Iranian banks, in an effort to further stymie Iran's access to the international financial system. This will also further protect the U.S. financial system from direct or indirect access by designated Iranian banks.

U.S. officials continue to engage with government and financial institutions around the world to inform the international financial community of the risks involved in doing business with Iran.

Building a Comprehensive Sanctions Strategy

Since taking office, President Obama has presented a very clear choice to the Iranian regime: comply with its international nuclear obligations and benefit from the greater economic, political, and security integration that come with being part of the international community, or face growing consequences for non-compliance. Iran has chosen to proceed down the path of international isolation, and has therefore suffered from what President Ahmadinejad called in July 2012, "the most severe and strictest sanctions ever imposed on a country".

As part of his commitment to show the Iranian government that its actions have consequences, on July 30, 2012 President Obama signed his fifth Executive Order in 12 months targeting Iran for sanctions. These actions have:

- Combated Human Rights Abuses Using 21st Century Tools: In an innovative approach to targeting human rights abuses perpetrated by the Iranian and Syrian regimes, President Obama in Executive Order 13606 of April 22, 2012 authorized sanctions and visa bans against those who commit or facilitate grave human rights abuses via information technology. This creative tool also targets the companies that provide the technology these brutal regimes use for oppression, and the "digital guns for hire" who create or operate systems used to monitor, track, and target citizens for killing, torture, or other grave abuses.
- Punished Sanctions Evasion: To ensure that sanctions continue to have a tangible impact on Iran, the President in Executive Order 13608 of May 1, 2012 authorized new sanctions against those who engage in activities intended to evade U.S. sanctions.
- Blocked Iran's Access to the International Financial Market: To make it harder for the Iranian regime to work through international financial institutions to finance its nuclear weapons program, President Obama acted in Executive Order 13599 of February 5, 2012 to block all assets of the Government of Iran and all Iranian financial institutions that are within the jurisdiction of the United States.
- Hindered Iran's Oil and Gas Sector: To make it more difficult for Iran to operate, maintain, and modernize its oil and gas sector, President Obama in Executive Order 13590 of November 20, 2011 imposed new sanctions targeting Iran's petrochemical sector for the first time and expanding energy sanctions.

Partnering with Congress

In addition to using Executive Orders and multilateral sanctions to intensify the consequences for Iran's failure to comply with its international obligations, the Obama Administration has worked with Congress examining new sanctions legislation, and has made full use of existing legislative authorities.

The FY 2012 National Defense Authorization Act (NDAA), which was enacted in December 2011, contained new sanctions on the Central Bank of Iran that the Administration has used to great effect to undermine Iran's ability to sell its oil internationally.

In June 2010, President Obama worked with Congress to pass the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (CISADA), which strengthened existing U.S. sanctions against Iran in the areas of refined petroleum sales, serious human rights abuses, and Iran's access to the international financial system.

Rallying the International Community

With President Obama's leadership, the United States gained the support of Russia, China, and other nations to pass United Nations Security Council Resolution 1929 in June 2010, which created the most comprehensive and stinging international sanctions the Iranian regime has ever faced.

The Obama Administration also worked with allies such as the European Union, Japan, the Republic of Korea, Australia, Canada, and others to adopt additional national measures to increase pressure on the Iranian regime, including in the financial, banking, insurance, transportation, and energy sectors. Iran is now cut off from large parts of the international financial system and we are working aggressively to isolate Iran even further. In one of the most recent actions, the European Union's embargo on Iranian oil went into full effect on July 1. This action, coupled with reductions from other countries, has cost Iran billions of dollars per month thanks to disrupted oil sales of up to 1 million barrels per day.

Targeting the Iranian Regime's Nuclear Program Through Its Oil Revenues

- The Administration has used sanctions to convince major oil companies to withdraw from Iran's oil fields, leading the Iranian Oil Ministry to acknowledge publicly in 2011 that it is $100 billion short in the investment it needs to develop this sector.
- In 2010, Ali Salehi, the former head of the Atomic Energy Organization of Iran, admitted that sanctions have delayed Iran's enrichment program.
- Iran has lost billions in oil revenue, and every major importer of Iranian oil has reduced significantly their purchases of Iranian oil, leading to at an estimated loss of 700,000 – 1,000,000 barrels per day of oil no longer being sold by Iran.
- Iran's currency has plummeted in value, complicating Iran's ability to engage in international commerce. We estimate that the Rial has lost almost 38 percent of its value in the past year.
- Firms as diverse as Ernst & Young, Daimler AG, Caterpillar, ENI, Total, and hundreds more have divested themselves of their interests in Iran to avoid the reputational risks and, consequently, undermined further Iran's access to the international economy.

Even as we intensify our pressure on the Iranian government, we hold open the door to diplomacy. Iran can choose to abide by its international obligations, honor its commitments to the International Atomic Energy Agency, and prove that its intentions are peaceful. The United States remains committed to a diplomatic solution, but the onus is on Iran. If the Iranian government continues it defiance, there should be no doubt that the United States and our partners will continue to hold Iran accountable.