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To: Clients and Friends

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UN Expands Sanctions Against Iran

This week the UN Security Council voted to expand the UN sanctions against Iran because of its refusal to comply with the UN's efforts to halt certain aspects of its nuclear program. The new sanctions require UN Member States to prohibit the "supply, sale or transfer [of listed products] directly or indirectly from their territories or by their nationals ... to, or for use in or benefit of, Iran." The covered products appear on a UN list of nuclear-related dual-use items and a UN list of items relating to ballistic missile programs. Pre-existing UN sanctions against Iran already require that Member States impose such prohibitions with respect to products on the nuclear-related dual-use items list but only if the State determines that provision of those items to Iran would "contribute to enrichment-related, reprocessing or heavy water-related activities."

The new sanctions may require UN Member States to impose new controls on transactions involving the covered products if they are destined to or for the benefit of Iran. U.S. export controls and economic sanctions against Iran, however, already prohibit most, if not all, such transactions involving an export from the United States or a U.S. person.

In addition, the new UN sanctions also encourage Member States to "exercise vigilance" over their financial institutions' dealings with Iranian banks, specifically Bank Melli and Bank Saderat, to ensure those dealings do not support the development of nuclear weapons in Iran. Although it is not mandatory, this provision may cause UN Member States to impose new financial controls on transactions involving Iranian banks. The United States has already imposed restrictions on transactions involving Bank Saderat and Bank Sepah. See I.R.B. 337 (9/12/06), I.R.B. 354 (1/11/07).

News reports on the new sanctions suggest many UN Member States are not as convinced as the United States appears to be that sanctions are the best way to address the nuclear situation in Iran. Other than an abstention by Indonesia, however, all Security Council members voted for the new sanctions, suggesting there is sufficient interest among UN Member States in enforcing the sanctions against Iran. Exporters, consequently, should monitor whether those States impose new restrictions in this area.

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