

Bipartisan Group of Senators Introduces Countering Iran's Destabilizing Activities Act of 2017

March 29, 2017 | Client Update | 4-minute read

Both responding and contributing to the general escalation of tensions between the United States and Iran, a bipartisan group of senators consisting of seven Democrats and seven Republicans [introduced a bill](#) on March 23, 2017 to impose new sanctions on Iran in connection with that country's ballistic missile program and alleged support for acts of international terrorism and violations of human rights.

The [new measure](#) would, among other things:

- require the President to impose blocking sanctions on any person, and exclude from the United States any alien, that the President determines:
 - (i) has engaged in any activity that has materially contributed, or poses a risk of materially contributing, to Iran's ballistic missile program or any other Iranian program to develop delivery methods for weapons of mass destruction;
 - (ii) is a successor entity to, owned or controlled by, or under common ownership with a person referred to in clause (i);
 - (iii) is acting for or on behalf of a person referred to in clause (i) or (ii); or
 - (iv) has knowingly provided support for, or goods or services in support of, a person referred to in clause (i), (ii), or (iii) (SEC. 4);

Certain of these obligations are already imposed by one or more authorities, such as Executive Order ("E.O.") 13382, which targets proliferators of weapons of mass destruction. The bill would, however, codify the requirements, making them more difficult for the President to waive or rescind;

- designate the Islamic Revolutionary Guard Corps (the "IRGC") and foreign persons that are officials, agents or affiliates of the IRGC as Specially Designated Global Terrorists pursuant to E.O. 13224 (in addition to the IRGC's current designation pursuant to E.O. 13382 and other authorities) (SEC. 5);
- authorize the President to impose blocking sanctions on any person that the Secretary of State determines has been involved in certain human rights violations in Iran (SEC. 6);
- require that the President impose blocking sanctions on any person that is involved in certain activities relating to the supply, sale, or transfer of prohibited arms and related materiel to or from Iran and exclude such persons who are aliens from the United States (SEC. 7); and
- require the President to certify, before 'de-listing' persons who have been designated pursuant to E.O. 13382 or E.O. 13224 for activity that materially contributes to the activities of the Government of Iran with respect to its ballistic missile program or support by the Government of Iran for acts of international terrorism, that such persons have not provided support for or otherwise facilitated or engaged in any such activity during the three-month period preceding the certification (SEC. 8).

The proposed bill includes presidential waiver authority for each of the above provisions, as well as exceptions for national security and humanitarian assistance for Sections 4-7.

The [Washington Post reports](#) that certain provisions were removed from the bill prior to its introduction in an effort to persuade Democratic senators to co-sponsor it, including provisions that would have (i) required the creation of a report on the value of the sanctions relief that Iran received under the Joint Comprehensive Plan of Action ("JCPOA"), (ii) restricted Iranian off-shore, third-party dollar transactions and (iii) restricted the President's ability to use his national security waiver power to enter into any international agreements with Iran.

While Iranian officials have [repeatedly stated](#) that the reintroduction or expansion of U.S. sanctions against Iran would jeopardize the continued viability of the JCPOA, Senator Menendez, co-sponsor of the bill, [emphasized](#) that it was "carefully crafted not to impede with [sic] the United States' ability to live up to its commitments under the JCPOA, while still reaffirming and strengthening our resolve by imposing tough new sanctions to hold the Iranian regime accountable for threatening global and regional security."

The introduction of this new bill follows the December 2016 enactment of the [Iran Sanctions Extension Act](#) into law and the February 3, 2017 [designation](#) of 25 individuals and entities by the U.S. Department of the Treasury's Office of Foreign Assets Control for their role in supporting Iran's ballistic missile program and aiding Hezbollah. The State Department also [recently announced](#) missile-related sanctions on eleven entities (in China, North Korea and the United Arab Emirates) under the Iran, North Korea and Syria Nonproliferation Act and the imposition of sanctions on nineteen additional entities and individuals deemed to have dealt in restricted goods or technologies for the benefit of Iran, North Korea or Syria. In response, Iran [designated](#) 15 U.S. companies as supporters of terrorism, repression and the illegal occupation of land in Palestine.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

Kirill Lebedev

+1 212 450 3232

kirill.lebedev@davispolk.com

John B. Reynolds III

+1 202 962 7143

john.reynolds@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.