

## E-ALERT | International Trade Controls

January 4, 2013

### DEVELOPMENTS IN U.S. SANCTIONS AGAINST IRAN AND SATELLITE EXPORT CONTROL REFORM

On January 3, 2013, President Obama signed into law the [National Defense Authorization Act for Fiscal Year 2013 \(“NDAA”\)](#), an appropriations bill allocating defense funding for Fiscal Year 2013 that also contains significant new economic sanctions and export control provisions.

In particular, [Title XII, Subtitle D](#) of the NDAA, known as the Iran Freedom and Counter-Proliferation Act of 2012 (“IFCPA”), imposes additional sanctions against Iran. Among other things, the IFCPA:

- Designates entities in Iran’s energy, shipping and shipbuilding sectors or that operate its ports as entities of proliferation concern and, effective 180 days following enactment, imposes comprehensive sanctions on them and persons that knowingly engage in significant transactions with them or for their benefit;
- Imposes sanctions on persons that, effective 180 days following enactment, knowingly sell, supply or transfer to or from Iran (i) precious metals or (ii) certain other materials, including aluminum, steel, coal, and software for integrating industrial processes, if such materials are (A) to be used in connection with Iran’s energy, shipping or shipbuilding sectors or its weapons proliferation programs, or (B) provided to or from an Iranian person on the List of Specially Designated Nationals and Blocked Persons (“SDN List”) (other than an Iranian financial institution that has not been designated as a result of its involvement in Iran’s weapons proliferation or terrorism activities or Iran’s abuses of human rights);
- With certain exceptions, imposes sanctions on foreign financial institutions that, effective 180 days following enactment, conduct or facilitate a significant financial transaction (i) for the sale, supply or transfer to or from Iran of significant goods or services used in connection with the energy, shipping or shipbuilding sectors of Iran, (ii) for the sale, supply or transfer to or from Iran of precious metals and certain commodities that would subject a person to sanctions, as noted above, (iii) for the sale, supply or transfer of natural gas to or from Iran, or (iv) with an Iranian person on the SDN List (other than an Iranian financial institution that has not been designated as a result of its involvement in Iran’s weapons proliferation or terrorism activities or Iran’s abuses of human rights);
- Imposes new sanctions on underwriters and insurers that provide underwriting services or insurance (i) for any activity for which sanctions have been imposed, (ii) to or for any person in connection with any activity for the benefit of Iran’s energy, shipping or shipbuilding services, (iii) for the sale, supply or transfer to Iran of precious metals or other commodities as noted above, (iv) for any person on the SDN List as a result of its involvement in Iran’s proliferation or terrorism activities, or (v) for any Iranian person on the SDN List (other than an Iranian financial institution that has not been designated as a result of its involvement in Iran’s weapons proliferation or terrorism activities or Iran’s abuses of human rights);
- Designates the Islamic Republic of Iran Broadcasting and its president as a result of their infringement of human rights in Iran and requires the imposition of sanctions against them; and

- Imposes sanctions on persons who divert humanitarian goods intended for the people of Iran.

Separately, on December 26, 2012, the Treasury Department's Office of Foreign Assets Control ("OFAC") published a [final rule](#) to amend the Iranian Transactions and Sanctions Regulations ("ITSR"). This revision of the ITSR serves principally to implement the blocking provisions and other sanctions imposed under Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("TRA"), Section 4 of Executive Order 13628, and Section 5 of Executive Order 13622. As described in detail in our E-Alerts of [August 14, 2012](#) and [October 15, 2012](#), respectively, Section 218 of the TRA and Section 4 of Executive Order 13628 prohibit non-U.S. entities owned or controlled by U.S. persons from knowingly engaging in any transaction with the Government of Iran, or with a person subject to Iran's jurisdiction, that would be prohibited if performed by a U.S. person or in the United States. Section 5 of Executive Order 13622, effective July 31, 2012, authorizes the Treasury Secretary to block the property of any person determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the National Iranian Oil Company ("NIOC"), Naftiran Intertrade Company ("NICO"), 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.

Importantly, the amended ITSR include a general license authorizing non-U.S. entities owned or controlled by a U.S. parent to wind down activities with Iran, until March 8, 2013, subject to certain conditions.

In another important development, the new NDAA also paves the way for the President to ease export control restrictions on commercial satellites by repealing Section 1513(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (the "Strom Thurmond NDAA"). The Strom Thurmond NDAA had transferred satellite items that were on the Export Administration Regulations' Commerce Control List ("CCL") to the International Traffic in Arms Regulations' U.S. Munitions List ("USML"). The new NDAA returns in [Title XII, Subtitle E](#) the authority to the President to transfer such satellite items back to the CCL, subject to certain determinations and to standard Congressional notification procedures under Section 38(f) of the Arms Export Control Act ("AECA") relating to the removal of items from the USML.

We are well-positioned to help companies and individuals analyze the impact of the developments discussed in this E-Alert.

## DEVELOPMENTS IN U.S. SANCTIONS AGAINST IRAN

### IRAN FREEDOM AND COUNTER-PROLIFERATION ACT OF 2012

#### Energy, Shipping and Shipbuilding

The IFCPA designates entities that operate Iran's ports, as well as entities in its energy, shipping and shipbuilding sectors, including NIOC, the National Iranian Tanker Company ("NITC"), and the Islamic Republic of Iran Shipping Lines ("IRISL"), as entities of proliferation concern and, with certain exceptions, imposes comprehensive sanctions against them and any third party that engages in certain transactions with them.<sup>1</sup> In particular, the IFCPA:

- **Blocks the property of persons that are in Iran's energy, shipping or shipbuilding sectors or that operate Iran's ports, and persons who knowingly provide significant support to such persons.**  
The IFCPA directs the President, effective 180 days following enactment, to block the property of

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<sup>1</sup> NIOC and IRISL had previously been designated by OFAC as a result of their involvement in Iran's proliferation activities and already appear on the SDN List with the "[NPWMD]" tag.

anyone who (i) is part of the energy, shipping or shipbuilding sectors of Iran, (ii) operates a port in Iran, or (iii) knowingly<sup>2</sup> provides significant support to, or goods or services for the benefit of, such a person OR any Iranian person on the SDN List, other than Iranian financial institutions that are not designated in connection with their involvement in Iran’s weapons proliferation activities, terrorism or human rights abuses. The term “shipping” in the IFCPA refers to the transportation of goods by vessel and related activities. The authority to block property does not include the authority to impose sanctions on the importation of goods. [§ 1244(c)]

- **Imposes sanctions under the Iran Sanctions Act (“ISA”) on persons who knowingly provide significant goods or services used in connection with the energy, shipping or shipbuilding sectors of Iran.** The IFCPA requires the President to impose five or more of the twelve sanctions authorized under Section 6 of the ISA on any person who, effective 180 days following enactment, knowingly sells, supplies or transfers to or from Iran significant goods or services used in connection with the energy, shipping or shipbuilding sectors of Iran, including NIOC, NITC and IRISL.

This requirement to impose five or more ISA sanctions does not include the authority to impose sanctions under ISA Section 6(a)(8)(A), which, among other things, authorizes the President to prohibit a sanctioned person from importing any property that is subject to U.S. jurisdiction, or ISA Section 6(a)(12), which authorizes the President to restrict imports with respect to a sanctioned person. Any sanction relating to the importation of goods does not count as one of the five sanctions. [§ 1244(d)(1)]

- **Imposes sanctions on foreign financial institutions that knowingly conduct or facilitate a significant financial transaction in connection with the energy, shipping or shipbuilding sectors of Iran.** The IFCPA requires the President to restrict or prohibit correspondent or payable-through accounts in the United States for foreign financial institutions that, effective 180 days following enactment, knowingly conduct or facilitate a significant financial transaction for the sale, supply or transfer to or from Iran of goods or services used in connection with the energy, shipping or shipbuilding sectors of Iran, including NIOC, NITC and IRISL. [§ 1244(d)(2)]

Exceptions to the new sanctions targeting Iran’s energy, shipping and shipbuilding sectors and port operators include:

- **Humanitarian Transactions.** Transactions for the sale of agricultural commodities, food, medicine or medical devices to Iran or for the provision of humanitarian services to the people of Iran are exempted from these sanctions. [§ 1244(e)]
- **Afghanistan Reconstruction.** The President may except from the imposition of sanctions activities related to reconstruction assistance or economic development for Afghanistan if such an exception is in the national interest of the United States and the President provides advance notification of and justification for the exception to Congress. [§ 1244(f)]
- **Petroleum and Petroleum Products.** Sanctions will be imposed with respect to purchases of petroleum or petroleum products from Iran only if, at the time of the purchase, the President has determined, under Section 1245(d) of the National Defense Authorization Act for Fiscal Year 2012 (“FY12 NDAA”), that there is a sufficient global supply of petroleum and petroleum products to permit a significant reduction in purchases from Iran. Also, sanctions will not apply with respect to the export of petroleum or petroleum products from Iran to a country that the President determines, pursuant to Section 1245(d) of the FY12 NDAA, has significantly reduced

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<sup>2</sup> The IFCPA defines “knowingly” with respect to conduct, a circumstance, or a result, to mean that a person has “actual knowledge, or should have known” of the conduct, circumstance, or result.

crude oil purchases from Iran.<sup>3</sup> In addition, foreign financial institutions that conduct or facilitate a transaction for the purchase of petroleum or petroleum products from Iran are excepted from the new sanctions if (i) an exemption under 1245(d) of the FY12 NDAA applies to the country with primary jurisdiction over the foreign financial institution; (ii) the financial transaction is for goods or services, not otherwise sanctionable, between the country with primary jurisdiction over the financial institution and Iran; and (iii) any funds owed to Iran as a result of such trade are credited to an account located in the exempt country. [§ 1244(g)]

- **Natural Gas.** The new sanctions do not apply generally to the sale, supply or transfer to or from Iran of natural gas, but they do apply to a foreign financial institution that conducts or facilitates a financial transaction for such activity unless the financial transaction is only for trade in goods and services (i) not otherwise subject to U.S. sanctions; (ii) between the country with primary jurisdiction over the foreign financial institution and Iran; and (iii) any funds owed to Iran as a result of such trade are credited to an account located in the country with primary jurisdiction over the financial institution. [§ 1244(h)]
- **Waiver.** The President may waive the sanctions against Iran’s energy, shipping and shipbuilding sectors and port operators for renewable periods of 180 days if he finds and reports to Congress that a waiver is “vital” to the national security of the United States. [§ 1244(i)]

### Precious Metals, Graphite, Certain Raw or Semi-Finished Metals, and Software for Integrating Industrial Processes

The IFCPA imposes sanctions on persons supplying certain materials to Iran that are relevant to its energy, shipping or shipbuilding sectors or its weapons proliferation activities. In particular, the IFCPA:

- **Imposes sanctions on persons who knowingly provide precious metals or certain metals or other commodities directly or indirectly to or from Iran.** The IFCPA requires the President to impose five or more ISA sanctions on any person who, effective 180 days following enactment, knowingly sells, supplies or transfers to or from Iran, directly or indirectly, (i) a precious metal; or (ii) graphite, raw or semi-finished metals such as aluminum and steel, coal, or software for integrating industrial processes, if such material is (A) determined to be used by Iran as a medium for barter, swap or other exchange or is listed as an asset of the Government of Iran for purposes of the national balance sheet of Iran; (B) to be used in connection with Iran’s energy, shipping or shipbuilding sectors or any sectors determined to be controlled by Iran’s Revolutionary Guard Corps; (C) sold, supplied or transferred to or from an Iranian person on the SDN List (other than an Iranian financial institution not designated for weapons proliferation, terrorism or human rights reasons); or (D) determined to be used in connection with the nuclear, military or ballistic missile programs of Iran.

This requirement to impose five or more ISA sanctions does not include the authority to impose the ISA sanctions related to importation of goods (*i.e.*, the ISA authority to prohibit sanctioned persons from importing any property subject to U.S. jurisdiction, or to restrict imports with respect to a sanctioned person), and any sanction relating to the importation of goods does not count as one of the five sanctions. [§ 1245]

- **Imposes sanctions on foreign financial institutions that knowingly conduct or facilitate a significant financial transaction for the sale, supply or transfer to or from Iran of the above-listed materials.** The IFCPA requires the President to restrict or prohibit correspondent or payable-

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<sup>3</sup> NDAA exceptions have been granted to 20 countries: Belgium, China, the Czech Republic, France, Germany, Greece, Italy, Japan, the Netherlands, Poland, Spain, the United Kingdom, India, Malaysia, Republic of Korea, Singapore, South Africa, Sri Lanka, Turkey and Taiwan.

through accounts in the United States for foreign financial institutions that, effective 180 days following enactment, knowingly conduct or facilitate a significant financial transaction for the sale, supply or transfer to or from Iran of precious metals or certain other commodities as identified above. [§ 1245(c)]

There is an exception to these sanctions for persons who are determined by the President to have exercised “due diligence in establishing and enforcing official policies, procedures and controls” to ensure that the person does not sell, supply or transfer such materials to or from Iran. The President may also waive these sanctions if he finds and reports to Congress that a waiver is “vital” to national security. [§§ 1245(f) and (g)]

## Other Sanctions

- **The IFCPA imposes sanctions on underwriters and insurers that knowingly provide services for any activity with respect to Iran for which U.S. sanctions have been imposed.** The IFCPA requires the President to impose five or more ISA sanctions on underwriters and insurers who, effective 180 days following enactment, knowingly provide underwriting services, insurance or reinsurance:
  - for any activity with respect to Iran for which sanctions have been imposed under the IFCPA; the International Emergency Economic Powers Act (“IEEPA”); the ISA; the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (“CISADA”); the TRA; the Iran, North Korea, and Syria Nonproliferation Act; or any other law relating to the imposition of sanctions with respect to Iran;
  - to or for any person (i) with respect to, or for the benefit of, any activity in Iran’s energy, shipping or shipbuilding sectors; (ii) for the sale, supply or transfer to or from Iran of materials for which sanctions are imposed under the IFCPA; or (iii) designated for sanctions pursuant to IEEPA for weapons proliferation or international terrorism reasons; or
  - to or for any Iranian person on the SDN List (except Iranian financial institutions not designated for weapons proliferation, terrorism or human rights reasons).

This requirement to impose five or more ISA sanctions does not include the authority to impose the ISA sanctions related to importation of goods (*i.e.*, the ISA authority to prohibit sanctioned persons from importing any property subject to U.S. jurisdiction, or to restrict imports with respect to a sanctioned person), and any sanction relating to the importation of goods does not count as one of the five sanctions.

Exceptions to these sanctions are provided for sales of agricultural commodities, food, medicine and medical devices to Iran and for the provision of other humanitarian assistance. There also is an exemption from these sanctions for persons who have exercised due diligence in establishing and enforcing policies and controls to prevent these otherwise sanctionable transactions. The President may waive these sanctions if he finds and reports to Congress that a waiver is “vital” to national security. [§ 1246]

- **The IFCPA imposes sanctions on foreign financial institutions that knowingly facilitate a significant financial transaction on behalf of any Iranian SDN.** CISADA, as amended by the TRA, requires the Treasury Secretary to restrict or prohibit correspondent or payable-through accounts in the United States for foreign financial institutions that knowingly conduct or facilitate a significant financial transaction on behalf of any person whose property is blocked because of connections to Iran’s weapons proliferation program or support for terrorism. The IFCPA expands these sanctions to cover the knowing provision of financial services, effective 180 days following

enactment, to *any* Iranian person on the SDN List — not just persons whose property is blocked because of connections to Iran’s proliferation or terrorism activities. There are exceptions for:

- transactions with Iranian financial institutions that are not designated for weapons proliferation, terrorism or human rights reasons;
- sales of agricultural commodities, food, medicine or medical devices to Iran or the provision of humanitarian assistance;
- the purchase of petroleum and petroleum products from Iran, so long as the President has issued an NDAA exemption to the country with primary jurisdiction over the foreign financial institution and the transaction is only for trade in goods and services not otherwise subject to U.S. sanctions between the country with primary jurisdiction over the foreign financial institution and Iran, and any funds owed to Iran are credited to an account in the country with primary jurisdiction over the financial institution; and
- the sale, supply or transfer of natural gas to or from Iran, so long as the transaction is only for trade in goods and services not otherwise subject to U.S. sanctions between the country with primary jurisdiction over the foreign financial institution and Iran, and any funds owed to Iran are credited to an account in the country with primary jurisdiction over the financial institution.

The President may waive these sanctions for renewable periods of 180 days if he finds and reports to Congress that a waiver is “vital” to national security. [§ 1247]

- **The IFCPA imposes sanctions on the Islamic Republic of Iran Broadcasting (“IRIB”) and its President, Ezzatollah Zargami, for infringing on individuals’ human rights by broadcasting forced confessions and show trials.** The IFCPA requires the President to impose sanctions described in Section 105(c) of CISADA (e.g., denying visas, blocking property and imposing restrictions or prohibitions on the exportation of property) against IRIB and its President and include them on the SDN List. This provision adopts by reference CISADA Sections 105(d) regarding termination of sanctions and 401(b) regarding a Presidential waiver if in the national interest. This requirement to impose sanctions does not include the authority to impose sanctions on the importation of goods. [§ 1248]
- **The IFCPA amends CISADA to impose sanctions on persons who divert goods intended for the people of Iran.** The IFCPA amends CISADA to impose sanctions described in CISADA Section 105(c) on persons who are determined to have engaged 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, or the misappropriation of proceeds from the sale or resale of such goods. This requirement to impose sanctions does not include the authority to impose sanctions on the importation of goods. The President may waive the requirement to impose sanctions if he determines that such a waiver is in the national interest of the United States and reports the waiver to Congress. [§ 1249]

### Other Provisions

- **Waiver requirement related to exceptional circumstances preventing significant reductions in crude oil purchases.** The IFCPA amends the waiver provision in Section 1245(d) of the FY12 NDAA to require the President to certify that the country with primary jurisdiction over a foreign financial institution otherwise subject to the sanctions faced exceptional circumstances that prevented the country from being able to reduce significantly its purchases of petroleum from Iran. [§ 1250]

- **Statute of limitations for civil actions regarding terrorist acts.** The IFCPA extends the statute of limitations in 18 U.S.C. § 2335 for civil actions regarding terrorist acts from four years from the date the cause of action accrued to ten years. [§ 1251]
- **Report on use of certain Iranian seaports by foreign vessels and use of foreign airports by sanctioned Iranian air carriers.** The President must submit to Congress, annually through 2016, a list of significant vessels (and their owners and operators) that have entered seaports in Iran controlled by the Tidewater Middle East Company and a list of all airports at which sanctioned Iranian air carriers have landed aircraft. [§ 1252]
- **Exception for Shah Deniz Natural Gas Project.** The IFCPA exempts all activity related to the Shah Deniz natural gas project from the sanctions measures and amendments in the IFCPA. [§ 1254]

## REVISION OF THE IRANIAN TRANSACTIONS AND SANCTIONS REGULATIONS

The latest amendments to the ITSR implement Section 218 of the TRA and Section 4 of Executive Order 13628 which prohibit non-U.S. entities owned or controlled by U.S. persons from knowingly engaging in any transaction with the Government of Iran, or with a person subject to Iran’s jurisdiction, that would be prohibited if performed by a U.S. person or in the United States. The new final rule also implements blocking provisions imposed under Section 5 of Executive Order 13622, expanding the categories of persons whose property are blocked to include any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have provided material support for certain Iranian government-related entities or certain activities by the Government of Iran. The revised ITSR also amend and add various general licenses intended to clarify the new Iran sanctions, including importantly a general license authorizing non-U.S. entities owned or controlled by a U.S. parent to wind down their dealings with Iran.

### ITSR Amendments Related to the Imposition of Civil Liability on U.S. Parents for Actions of Their Non-U.S. Subsidiaries

- **New Section 560.215.** This section prohibits non-U.S. entities owned or controlled by U.S. persons from knowingly engaging in any transaction directly or indirectly with the Government of Iran or any person subject to the jurisdiction of Iran that would be prohibited by the ITSR if the transaction was engaged in by a U.S. person or in the United States. This new section includes exemptions for U.S. intelligence activities and transactions involving the Shah Deniz natural gas field in Azerbaijan’s section of the Caspian Sea and related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.
- **New Section 560.555.** This section provides a general authorization, valid for the period from October 9, 2012 through March 8, 2013, for transactions that are “ordinarily incident” and “necessary” to the winding-down of transactions prohibited by new Section 560.215, provided that the authorized transactions do not involve a U.S. person or occur in the United States. This new general license does not authorize any reexports of goods, technology or services to Iran or the Government of Iran that are prohibited by Section 560.205. It also does not authorize transactions with any Iranian financial institutions that have been designated as a result of their involvement in Iran’s proliferation or terrorism activities.
- **New Section 560.556.** This section provides a general authorization for non-U.S. entities owned or controlled by U.S. persons to engage in a transaction otherwise prohibited by Section 560.215 that would be authorized by a general license set forth in or issued pursuant to the ITSR if engaged in by a U.S. person or in the United States.
- **Sections 560.508-510, 560.522, 560.525, 560.530, 560.532, 560.539 and 560.553.** These sections are amended to exclude from the scope of each authorization any transaction by a U.S.-

owned or -controlled foreign entity otherwise prohibited by Section 560.215 if the transaction would be prohibited by any other part of Chapter V of 31 C.F.R. if engaged in by a U.S. person or in the United States.

- **Section 560.701.** This section is amended to provide for civil penalties under Section 206(b) of IEEPA to be imposed on a U.S. person if a non-U.S. entity owned or controlled by the U.S. person violates, attempts to violate, conspires to violate, or causes a violation of the prohibition set forth in Section 560.215, unless the U.S. person divests or terminates its business with the entity by February 6, 2013.

### Implementation of New Blocking Criteria to Implement Executive Order 13622

- **Section 560.211.** Paragraph (c) of this section is amended to block property and interests in property of any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, NIOC, NICO, or any entity owned or controlled by or operating for or on behalf of NIOC or NICO, or the Central Bank of Iran, or the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran. (Such affected parties will presumably be added to the SDN List or otherwise publicly identified by OFAC.) This paragraph does not apply to transactions involving the Shah Deniz natural gas field and related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.

### RELAXATION OF EXPORT CONTROLS ON COMMERCIAL SATELLITES

Section 1261(a) of the new NDAA returns authority to the President to determine whether commercial communication satellites and related items should be controlled by the ITAR as defense articles or made subject to the EAR, by repealing Section 1513(a) of the Strom Thurmond NDAA, which mandated blanket treatment of such satellites and related items as military items starting in 1999. The U.S. share of global satellite revenues has dropped significantly since 1999. Since other countries have fewer export controls on commercial satellites and related items, this stringent U.S. satellite export control policy consistently has been named as a major contributor to the U.S. satellite industry's eroding competitiveness. The legislative changes in the new NDAA pave the way for the Administration to implement satellite export control reform.

On April 18, 2012, the Department of Defense and Department of State made a [report to Congress](#) under Section 1248 of the 2010 NDAA (the "Section 1248 Report") that is expected to form the basis of the Administration's reform of satellite export controls. The Section 1248 Report recommends removal of certain satellites, related items and technology from the USML. Movement of satellite items from the USML to the CCL will still be subject to Congressional notification under Section 38(f) of the AECA relating to the removal of items from the USML. In connection with the first such notification under Section 38(f), Section 1261(b) of the NDAA requires that the President submit to Congress a determination that the removal of such satellites and related items is in the national security interest of the United States and identify and analyze any differences between the recommendations in the Section 1248 Report and the final regulations under which export, reexport and transfer of such satellites and related items would continue to be controlled.

The satellite provisions in the new NDAA also:

- Prohibit the export of any satellite or related item made subject to the EAR as a result of the repeal in Section 1261(a), whether or not such item is enumerated on the CCL, to China, North Korea, a country designated as a state sponsor of terrorism, or any entity or person acting for or

on behalf of such countries or nationals (including any launch vehicles owned, operated, or manufactured by the government of such a country), subject to a case-by-case Presidential waiver following a determination and report to Congress that such export is in the national interest [§ 1261(c)];

- Mandate a presumption of denial for any licensing or other authorization request to export satellites and related items to a country subject to a comprehensive U.S. arms embargo [§ 1261(d)];
- Require annual reports to Congress through 2020 regarding licenses and other authorizations to export satellites and related items that become subject to the EAR [§ 1262];
- Require the Secretary of Commerce, in consultation with others, to provide an assessment to Congress of the extent to which the terms and conditions of exemptions for foreign countries to the licensing requirements and authorizations to export satellites and related items that are subject to the EAR contain strong safeguards [§ 1263]; and
- Require end-use monitoring of satellites and related items that become subject to the EAR [§ 1264].

## CONCLUSION

We are well-positioned to assist clients in understanding the impact that the above-described provisions will have on their operations, and in interpreting the various other Iran sanctions measures that have recently been enacted.

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If you have any questions concerning the material discussed in this client alert, please contact the following members of our international trade controls group:

<b>Peter Flanagan</b>	202.662.5163	<a href="mailto:pflanagan@cov.com">pflanagan@cov.com</a>
<b>Corinne Goldstein</b>	202.662.5534	<a href="mailto:cgoldstein@cov.com">cgoldstein@cov.com</a>
<b>Peter Lichtenbaum</b>	202.662.5557	<a href="mailto:plichtenbaum@cov.com">plichtenbaum@cov.com</a>
<b>Kimberly Strosnider</b>	202.662.5816	<a href="mailto:kstrosnider@cov.com">kstrosnider@cov.com</a>
<b>David Addis</b>	202.662.5182	<a href="mailto:daddis@cov.com">daddis@cov.com</a>
<b>Damara Chambers</b>	202.662.5279	<a href="mailto:dchambers@cov.com">dchambers@cov.com</a>

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