

ALERT

The United States and the European Union Target Bank Tejarat for Sanctions

January 25, 2012

On January 23, 2012, the U.S. Department of Treasury, pursuant to Executive Order 13382, which prohibits transactions with and freezes the assets of weapons of mass destruction (WMD) proliferators and their supporters, announced the designation of Bank Tejarat, Iran's third-largest bank for sanctions. Specifically, Bank Tejarat was designated for providing financial services to Bank Mellat, the Export Development Bank of Iran (EDBI), the Islamic Republic of Iran Shipping Lines (IRISL), and the Ministry of Defense for Armed Forces Logistics (MODAFL), all of which are Iranian financial institutions already subject to U.S. sanctions for their involvement in Iran's WMD proliferation activities. With the recent addition of Bank Tejarat, the current list of U.S. sanctioned Iranian-linked financial institutions totals 23.

In addition to Bank Tejarat, the Department of Treasury also announced its designation of Trade Capital Bank, a Belarus based-bank, for its provision of financial services to EDBI and for its ownership or control by Bank Tejarat. As a result of these recent designations, in addition to being barred from the U.S. financial system, both Bank Tejarat, which has almost 2,000 branches throughout Iran and foreign branches in France and Tajikistan, and Trade Capital Bank, face increasing isolation in the international financial system.

Reinforcing the intensification of global efforts to isolate Iran from the international financial system, also on January 23, 2012, the European Union agreed to freeze the assets of Bank Tejarat's branch in Paris. Among other sanctions, including a ban on imports of Iranian crude oil and petrochemical products, the European Union also announced that it will freeze all European assets held by the Central Bank of Iran.

Authors

Tessa Capeloto
Partner
202.719.7586
tcapeloto@wiley.law

Practice Areas

Customs Law and Compliance
Export Controls and Economic Sanctions
Insurance
International Trade

Praising Europe's actions to increase pressure on Iran, Secretary Tim Geithner and Secretary Hillary Clinton responded to this announcement by releasing the following joint-statement: "We welcome today's decision by the European Union to ban imports of Iranian crude oil and petrochemical products, freeze the assets of the Iranian central bank, and take additional action against Iran's energy, financial, and transport sectors."