

Press Releases: Senior Administration Officials Previewing Iran Sanctions

Special Briefing

Via Teleconference
August 6, 2018

MODERATOR: Good morning, thank you. Good morning to everyone and thank you for joining us this morning for a call on the Iran sanctions. Just want to remind everyone that this call is on background and attribution is to a senior administration official. But I'd also like to note that the information shared on this call is embargoed until 10:30 this morning. That is an update to the information provided in the earlier advisory, so I'll just say it again: The contents of this call are embargoed until 10:30 in the morning.

The speakers joining us today are – we have five. We have [Senior Administration Official One]. We have [Senior Administration Official Two]. We have [Senior Administration Official Three]; [Senior Administration Official Four]; and [Senior Administration Official Five].

I'll now turn it over to [Senior Administration Official One], who will open our call.

SENIOR ADMINISTRATION OFFICIAL ONE: Great, thank you, [Moderator]. And thank you all for joining us today. I just have some very brief opening remarks. I just want to point out that what's happening today is part of a big coordinated campaign of pressuring Tehran that President Trump put in place from day one of his administration. We've – looking at the region from Yemen to Syria to Gaza, the Iranian regime is using the resources they had gotten from the Joint Comprehensive Plan of Action to spread human misery across the region instead of investing it in their people at home. We can have no further illusions about their intent.

And so facing this reality 90 days ago, the President took historic action to withdraw the United States from the JCPOA and put an end to the fiction that that deal would block Tehran from getting a nuclear weapon. Now, at that time we were warned by experts from the EU, even from my alma mater of the University of Pennsylvania – very sad – that the threat of unilateral sanctions from the United States would not be an effective tool. But three months out, we have a very different picture in front of us. The rial is tanking, unemployment in Iran is rising, and there are widespread protests

over social issues and labor unrest.

I thought from the Secretary of State's speech at the Reagan Library one of the most telling facts that he presented was that you would get twice the salary as a fighter for Hizballah in Syria or Lebanon than you would to be a firefighter in Tehran, if you got paid at all. And we see fires burn (inaudible) city unchecked.

The next 90 days will see increased economic pressure, culminating in the reimposition of petroleum sector sanctions in November, and this will have an exponential effect on Iran's already fragile economy.

The President has been very clear none of this needs to happen. He will meet with the Iranian leadership at any time to discuss a real comprehensive deal that will contain their regional ambitions, will end their malign behavior, and deny them any path to a nuclear weapon. The Iranian people should not suffer because of their regime's hegemonic regional ambitions.

I'd just like to conclude by thanking my interagency colleagues for their strong work on this effort. It's really been a terrific example of the administration pulling together. And I'll turn it over to you, [Senior Administration Official Two].

SENIOR ADMINISTRATION OFFICIAL TWO: Thanks very much. I think as we see the Iranian protests continue now in some number of days, we hope that the Iranian regime will think seriously about the consequences of their behavior is having on their own people. We do stand with the Iranian people, who are longing for a country of economic opportunity, transparency, fairness, and greater liberty. As Iran expends enormous resources on its foreign adventurism, its people are becoming increasingly frustrated, and we are seeing this frustration expressed in protests across the country.

We are deeply concerned about reports of Iranian regime's violence against unarmed citizens. The United States supports the Iranian people's right to peacefully protest against corruption and oppression without fear of reprisal.

And two other points. The regime's systematic mismanagement of its economy and its decision to prioritize a revolutionary agenda over the welfare of the Iranian people has put Iran into a long-term economic tailspin. Widespread government corruption and extensive intervention in the economy by the Iran Revolutionary Guard Corps make doing business in Iran a losing proposition. Foreign direct investors in Iran never know whether they are facilitating commerce or terrorism.

I'd also point out that Iran obviously had a windfall from the Iran nuclear deal. Its increased oil revenues were a consequence of the nuclear deal. Those revenues could have gone to improve the lives of the Iranian people; instead, terrorists, dictators, proxy militias, and the regime's own cronies benefitted the most.

And now, I'm happy to turn it over to [Senior Administration Official Three].

SENIOR ADMINISTRATION OFFICIAL THREE: Thank you, [Senior Administration Official Three]. So today, I want to briefly describe the actions that we're taking today. The President has issued a new Iran executive order to reimpose sanctions relating to Iran, as you know. On May 8th, the President issued a national security presidential memorandum which directed the secretaries of Treasury and State and others to take a number of actions. And today's announcement is just the next step in implementing the President's decision.

Specifically, we are reimposing sanctions on Iran that had been lifted under the JCPOA. The snapback of these sanctions, again, supports the President's decision to impose significant financial pressure on the Iranian regime, to continue to counter Iran's blatant and ongoing malign activities, and then ultimately to seek a new agreement that addresses the totality of the Iranian threat.

During the period of the JCPOA, the Iranian regime demonstrated time and time again that it had no intentions to cease its state support for terrorism, foreign proxies, and other malign activities. Iran, as has already been stated, has continued to promote ruthless regimes, destabilize the region, and abuse the human rights of its own people. As our sanctions have been exposing to fund their illicit activities and to evade sanctions, Iran has systematically exploited the global financial system, and willfully deceived countries, companies, and financial institutions around the globe.

This administration intends to fully enforce our sanctions as they come back into effect in order to impose economic pressure on the Iranian regime to stop its destabilizing activity, and ultimately chart a new path that will lead to prosperity for the Iranian people. Specifically, the new Iran EO reimposes relevant provisions of five Iran sanctions executive orders that were revoked or amended in January 16, 2016 in two phases. The first wind-down period ends at midnight tonight, at which relevant – at which point relevant sanctions will be reimposed.

At 12:01 a.m. tomorrow, August 7, 2018, sanctions will come back into full effect on the purchase or acquisition of U.S. dollar bank notes by the Government of Iran; Iran's trade in gold and precious metals; the sale or transfer to or from Iran of graphite and metals, such as aluminum and steel, coal, and software for integrating industrial processes; certain transactions related to the Iranian rial; certain transactions related to the issuance of Iranian sovereign debt; and Iran's automotive sector.

Wind-down authorizations will no longer be valid after August 6th, with respect to the importation into the United States of Iranian origin carpets and food stuffs, and transactions related to the purchase of commercial passenger aircraft will be prohibited. After the 180-day wind-down period ends on November 4, 2018, the U.S. Government will reimpose the remaining sanctions that have been – had been previously lifted under the JCPOA.

The final round of snapback sanctions, as articulated in the executive order, will include the reimposition of sanctions on Iran's oil exports and energy sector, financial institutions conducting transactions with the Central Bank of Iran, as well as sanctions related to Iran's port operators and shipping

and ship-building sectors, and sanctions on the provision of insurance and financial messaging services.

Today's executive order and the snapback of sanctions on Iran, again, is part of the President's broader strategy to apply unprecedented financial pressure on the Iranian regime. We are intent on cutting off the regime's access to resources that they have systematically used to finance terror, fund weapons proliferation, and threaten peace and stability in the region. Again, our actions will continue to severely limit the ability of Iran, which, as you know, is the largest state sponsor of terror, to gain funding to continue to finance its wide range of malign behavior.

Under this administration, OFAC has issued 17 rounds of sanctions designating 145 Iran-related persons. This includes six rounds just since the President's decision in May, including actions relating to the finance of the Qods Force and Hizballah, its ballistic missile program, the Iranian aviation sector, the government's – the regime's use of front and shell companies and other deceptive means to gain access to currency for the Qods Force, including in complicity with the Central Bank of Iran. We are fully committed to rigorously enforcing our sanctions and ensuring that Iran has no path to a nuclear weapon. This economic pressure campaign is central to our efforts to gain – to ensure that they change course.

I will just also mention that in addition to the executive order we're going to be publishing a number of FAQs that will provide answers to specific technical questions.

Thank you.

MODERATOR: All right, thank you very much. We'll now go to our first question.

OPERATOR: Thank you, ladies and gentlemen. Once again, if you wish to ask a question, please press *1 at this time, and we ask that you limit yourself to one question. Our first question is from Michael Gordon with *Wall Street Journal*. Please, go ahead.

QUESTION: Right, thank you. When the previous administration imposed sanctions against Iran prior to the JCPOA, they had broad international support. In this case, the United States has withdrawn from the agreement but other – Europe and Russia and China continue to endorse it. China is a large consumer of Iranian oil and does a lot of trade with them. How do you propose to elicit China's cooperation? And if you fail to do so, aren't your sanctions going to be weaker than the ones the Obama administration imposed?

SENIOR ADMINISTRATION OFFICIAL THREE: So of course, as I'm sure [Senior Administration Official Two] will tell you, we are likewise working to build a global coalition to counter Iran's malign activity. What I can tell you very specifically is that we have made it very clear that we're going to aggressively enforce this executive order and the other authorities that we have pursuant to statute. We will work with countries around the world to do so. But make no mistake about it, we are very intent on using these

authorities. We will use them aggressively. And as [Senior Administration Official Three] already mentioned, we are already seeing a very substantial impact.

SENIOR ADMINISTRATION OFFICIAL ONE: Yeah, Michael, I would just follow up on that and say if the sanctions were not going to be effective, I don't think you would have seen the trajectory of Iran's economy over the last 90 days. I mean, it would have been the opposite if China were going to rescue them and somehow make this into a big success.

SENIOR ADMINISTRATION OFFICIAL THREE: And of course, in the last 90 days we have seen company after company after company announce that they are getting out, so there's no question that this pressure is already working.

SENIOR ADMINISTRATION OFFICIAL TWO: Yeah, this is [Senior Administration Official Two]. We – the point of our sanctions pressure, this economic pressure campaign, is to deny the regime the financial resources that it needs to finance terrorism and its nuclear missile programs and other dangerous activity around the Middle East. And we're very pleased that nearly 100 international firms have announced their intent to leave the Iranian market, particularly in the energy and the finance sectors.

We have had – State and Treasury officials have been traveling around the world to various regions to coordinate with countries. That includes China. And so far, we have visited more than 20 countries, and that work will continue for the balance of the year.

MODERATOR: Thank you. We'll go to the next question now.

OPERATOR: Thank you. Our next question comes from Susannah George with AP. Please, go ahead.

QUESTION: Hi there, thanks so much for doing this call. I want to ask specifically about this announcement from the EU that they will protect European firms from the reimposition of U.S. sanctions on Iran, specifically this blocking statute that will take effect when sanctions are reimposed at midnight. Do you expect that this could weaken U.S. sanctions? Have you responded to this in any way? Thank you.

SENIOR ADMINISTRATION OFFICIAL THREE: Look, so I think with respect to the EU blocking the statute, really what you need to look at is what companies and – the messages that companies and financial institutions are sending, which is that (a) they have I think a deep appreciation for what's going on in Iran for the fact that it's very difficult and complicated to know who you're doing business with in Iran. Are you doing business with the IRGC, the Qods Force? As we've – as has been exposed in our actions in the last 90 days, we've taken a couple of actions which expose the Central Bank of Iran's complicity in helping to fund terror. Companies and banks, including central banks, understand that very well. They are taking note and as [Senior Administration Official Two] mentioned, they are getting out. So we're not – we are – this is not something that we're particularly concerned by.

MODERATOR: All right, we'll go to the next question now.

OPERATOR: Thank you. Our next question comes from Lesley Wroughton with Reuters. Please go ahead.

QUESTION: Yes, good morning. If you bear with me, just a couple of questions. One is do you – what kind of economic impact in dollar terms do you believe these initial sanctions will have on the Iranian economy? And number two, is there a danger perhaps that the Iranians might blame the worsening conditions on foreigners rather than on the regime?

SENIOR ADMINISTRATION OFFICIAL ONE: In terms of your second question, I think of course they will blame foreigners. They've been doing this for almost 40 years now; it's their modus operandi. But I think you could see the Iranian people start to see through that, that they know that this is the regime's policies. They also know about the President's offer to meet with their leadership, and they'd like to take him up on that offer to see what the United States has to offer. So I think doing – saying we can't do something because a rogue regime will blame foreigners, I don't think is a very effective policy for us.

SENIOR ADMINISTRATION OFFICIAL THREE: Yeah and I would add – I mean, as also – as [Senior Administration Official Two] also mentioned, look, the Iranian people have been protesting for some time. They were protesting well before the President's decision and they were very specifically protesting about the corruption in their government, the misuse of funds which have not gone to the Iranian people. It's gone to fund regional proxies, it's gone of course to fund terrorism and terrorist groups. That's what they've been protesting about for quite some time, and the extraordinary thing about these protests is that these people, the Iranian people, have – understand that when they protest in Iran, unfortunately they do so at the risk to their own lives. They're thrown in prison and all kinds of terrible things happen to them when they are thrown in prison, as our sanctions actions have likewise exposed in recent months. But they are so fed up with their government, that they have made the decision that they have to protest against the Iranian regime's ongoing economic and other policies.

SENIOR ADMINISTRATION OFFICIAL ONE: And I do think it's particularly meaningful that they're protesting against the expenditures in Syria, the expenditures in Gaza very specifically. And so that's what they're blaming.

MODERATOR: All right, we'll go on to the next question now.

OPERATOR: And our next question is from Carol Morello with *Washington Post*. Please go ahead.

QUESTION: Hi. Are you or are you not calling for the Iranian people to do something to bring about regime change in Iran?

SENIOR ADMINISTRATION OFFICIAL ONE: Well, I'll defer to [Senior Administration Official Two], but I mean our stated policy has not been regime change, it has been to modify the Iranian regime's behavior in the

ways that I outlined in my opening remarks.

SENIOR STATE DEPARTMENT OFFICIAL TWO: Yeah, Carol, I would add to that: We have been – what we're noticing is that so many of the things that the protesters are demanding are very similar to the things that the United States and other nations in the world are demanding. And we have been consistent saying that if Iran will start behaving like a normal country, there are a number of benefits that will follow from that. But for as long as Iran continues to export revolution around the Middle East and to destabilize the region and to rob its people to fund these foreign – to fund all the Shia militias and fund Assad and to fund other dictators in the region. For as long as that's going on, I think you're going to see the Iranian people continually frustrated, and we support their claims. We think that they have valid complaints against the regime, that many of them are our complaints. And so we would like to see a change in the regime's behavior, and I think the Iranian people are looking for the same thing.

MODERATOR: Thank you. We'll go on to the next question.

OPERATOR: Thank you. And our next question is from Eli Lake with Bloomberg. Please, go ahead.

QUESTION: Hi. Thanks so much for doing this. Are you going to sanction the entire IRIB, their broadcasting arm?

SENIOR ADMINISTRATION OFFICIAL ONE: The IRIB is already sanctioned, and I have no comment beyond that.

MODERATOR: Thank you. We'll go to the next question now, please.

OPERATOR: Next question is from Meghan Gordon with S&P Global Platts. Please, go ahead.

QUESTION: Yeah, hi. Thanks for taking questions. You've said that you're not granting any broad waivers to the oil sanctions that snap back in November. Have you approved any request allowing limited trades or specific deals to continue after that point, and have you made a decision on Japan's request to continue importing Iranian oil?

SENIOR ADMINISTRATION OFFICIAL ONE: [Senior Administration Official Two], do you want to take that question?

SENIOR ADMINISTRATION OFFICIAL TWO: Well, we don't – we don't disclose private deliberations with other governments over these things. As we've said, we – our goal is to get the import of Iranian oil to zero. We are not looking to grant exemptions or waivers, but we do and are glad to discuss requests and look at requests on a case-by-case basis. But beyond that, we don't comment on it.

MODERATOR: Thank you. We'll go on to the next question.

OPERATOR: And our next question is from Andrea Mitchell with NBC, MSNBC. Please, go ahead.

QUESTION: Hi there. I'm trying to understand – to better understand the disconnect between the President's wanting to meet with Rouhani any time, any place, and these sanctions. How does that – do you think that the pressure could lead to a meeting or should lead to a meeting? What would – what would be the purpose of a meeting given all your objections to this regime and your – the comments today certainly seem to be encouraging the people of Iran to rise up against their leaders. Isn't that really what you're doing here?

SENIOR ADMINISTRATION OFFICIAL ONE: Well, Andrea, I think – I mean, this is completely consistent with what the President has done with other meetings with what you might refer to as less friendly regimes from North Korea to Russia, which is not to give a lot of sanction – any sanctions relief in advance of a meeting to make very clear that the United States will keep the maximum pressure on these regimes until our goals are achieved. And in standing with the Iranian people, I think we're just – we're just standing up for basic human rights, human dignity, and for the economic opportunity they deserve.

MODERATOR: We'll go on to the next question.

OPERATOR: And that's from Nick Schiffrin with PBS News. Please, go ahead.

QUESTION: Hi, everyone. Thanks for taking this. [Senior Administration Official One], you said that the President will meet with the Iranian leadership at any time to discuss a comprehensive deal. Just trying to understand – trying to confirm that there are no preconditions at all for that meeting given what Secretary of State Pompeo said that – or suggested that the Iranian regime would have to make some concessions or changes before that. And either to you or to [Senior Administration Official Two] perhaps, do you believe or are you expecting the Iranian economy to collapse under the weights of these sanctions and the ones that will be – that will come back in a few months? Thanks.

SENIOR ADMINISTRATION OFFICIAL ONE: Well, I actually didn't say it. The President said that he'd meet. I just repeated what he said. And I think I would defer to [Senior Administration Official Two] on the Secretary of State's comments, but what he was saying there is he is not going to give up anything in advance of the meeting, that there are no preconditions. And so I think that's really – really the point.

QUESTION: Just a few –

SENIOR ADMINISTRATION OFFICIAL ONE: Oh, and in terms of economic collapse, I'll hand that over to [Senior Administration Official Three]. Do we expect the Iranian economy to collapse?

SENIOR ADMINISTRATION OFFICIAL THREE: Look, I mean, I'm not going to make any predictions about what's going to happen to the Iranian economy other than to say that we are very intent on using these financial – these financial sanctions to great economic leverage. And – look, again, the Iranian economy was already on a downward spiral before the President made his decision, and that's as a result of the policies that the Iranians have espoused for quite

some time. But there's no question that these financial sanctions are going to continue to bring significant financial pressure against the world's largest state sponsor of terror.

MODERATOR: All right, we'll go on to the last question now.

OPERATOR: And we'll go to Bahman Kalbasi with BBC News. Please go ahead.

QUESTION: Thank you for taking this question. Are you saying that U.S. Government will have no responsibility in the misery they will bring these sanctions on ordinary Iranians? Because you do talk about human rights and human dignity, and among these sanctions are the fact that Iran will not be getting, for instance, commercial airlines – new planes for its commercial airline. So – so far we have had thousands of the Iranians dying in airline accidents throughout the years, and this sanction will make it impossible for them to buy new ones. Is there not a responsibility here for U.S. Government to look out for the people that it says it wants to support to lessen their misery, while in reality it is actually increasing it?

SENIOR ADMINISTRATION OFFICIAL ONE: Absolutely not. I think the blame for the situation is perfectly clear. It lies with the Iranian regime that has systematically destroyed that beautiful country over the last four decades.

SENIOR ADMINISTRATION OFFICIAL TWO: Yeah this is [Senior Administration Official Two]. In terms of – I'll let [Senior Administration Official Three] speak to – a little bit more the commercial aviation. The problem is that Iran does not use its commercial aviation for commercial purposes. It uses its commercial aviation to carry people and weapons into the gray zone to help advance the goals of the Shia militias and proxies operating around the region. And so, the burden of responsibility is on Iran to use its commercial aviation for commercial aviation purposes.

SENIOR ADMINISTRATION OFFICIAL THREE: Yeah I would just echo what [Senior State Administration Two] just said. Look, what we know is that Iran systematically uses its aviation sector, including Mahan Air and a number of other airlines that we have designated to continue to further its malign activity. I mean, you see these airlines like Mahan traveling back and forth repeatedly to places like Syria to support the Assad regime and the brutal activities that it's undertaken. So really the pressure is on the regime to stop engaging in this systematic malign behavior that's destabilizing the region, that's victimizing its own people and that's posing a threat to some of our closest allies and partners.

MODERATOR: All right, well that will conclude our call this morning. I thank everyone for taking part, for the calling in and to our speakers for taking the time. Just to remind everyone that we – that this is on background to a senior administration official. The contents of the call are – will remain under embargo until 10:30 this morning, eastern time. Thank you everyone; have an enjoyable day.

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