DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Guidance on the Sale of Food, Agricultural Commodities, Medicine, and Medical Devices by Non-U.S. Persons to Iran

Date: July 25, 2013

The Office of Foreign Assets Control ("OFAC") is issuing this Guidance in response to inquiries it has received from medical suppliers and financial institutions with regard to the humanitarian exceptions to sanctions on Iran. As we have stated in previous guidance,[1] the U.S. maintains broad authorizations and exceptions that allow for the sale of food, medicine, and medical devices by U.S. persons or from the United States to Iran. U.S. sanctions laws provide similar allowances for sales of food, agricultural commodities, medicine, and medical devices[2] to Iran by non-U.S. persons. To further assist non-U.S. persons, including banks and medical suppliers, in fully understanding these allowances, this Guidance underscores that these sales to Iran do not trigger sanctions under U.S. law. The financing or facilitation of such sales by non-U.S. persons likewise does not trigger sanctions, so long as the transaction does not involve certain U.S.-designated persons (such as Iran's Islamic Revolutionary Guard Corps (IRGC) or a designated Iranian bank) or proscribed conduct.[3]

The conduct or facilitation of payments for such sales by foreign banks are not subject to U.S. sanctions when the payments originate from accounts of the Central Bank of Iran (CBI) or from accounts of Iranian commercial banks that have not been designated by the U.S. For example, Iranian oil revenues held in CBI or non-designated Iranian bank accounts at foreign banks may be used to finance exports of food, agricultural commodities, medicine, or medical devices to Iran – from the country in which the account is held or from any other foreign country – without triggering sanctions for the foreign bank, as set forth in the Iranian Financial Sanctions Regulations.[4]

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[1] *See*, e.g., Clarifying Guidance, Humanitarian Assistance and Related Exports to the Iranian People, at https://ofac.treasury.gov/system/files/126/hum_exp_iran.pdf

[2] *See* section 561.327 of the Iranian Financial Sanctions Regulations (31 C.F.R. part 561) (IFSR) for a definition of these terms.

[3] Such proscribed conduct includes, for example, routing a payment directly from Iran to the United States, or vice versa, or otherwise evading other U.S. sanctions authorities through deception or other means.

[4] Note 2 to section 561.203 of the IFSR provides that: "[F]unds owed to Iran … may be used for the purchase and export to Iran of agricultural commodities, food, medicine, or medical devices regardless of the country from which such goods are purchased and regardless of where such goods originate, and payment from the funds for such goods may be made to exporters in countries other than the country with primary jurisdiction over the foreign financial institution holding the funds."

As with all dealings with Iran, we urge parties involved in this trade to exercise enhanced due diligence and ensure that they are as informed as possible about all counterparties in the transaction to prevent fraud and sanctions evasion.

OFAC will continue to work with businesses and financial institutions to ensure that they understand U.S. sanctions rules and the allowances discussed above. Exporters and financial institutions seeking additional guidance may also contact OFAC's Compliance Division at 1-800-540-6322 or 1-202-622-2490.