

BIS adds a number of companies to the Entity List, including Iran Air

16 March 2020

As of [16 March 2020](#) Iran Air and a number of other entities were placed on the Bureau of Industry and Security's (BIS) Entity List.

Summary

Companies that use Iran Air as transport, particularly companies engaging in the sale of food, medicine, and medical devices pursuant to the general license (31 C.F.R. § 560.530, or the ag/med general license (GL)) issued by the Office of Foreign Assets Control (OFAC), should review their business arrangements for such sales and assess any potential impact of this designation. While use of Iran Air to transport authorized items is not per se prohibited, involvement of Iran Air is a red flag that would need to be addressed as described below. BIS' action comes shortly after OFAC provided guidance regarding the [Central Bank of Iran's involvement in sales authorized](#) under the ag/med GL.

Key points

The Entity List, which is part of the Export Administration Regulations (EAR), identifies entities that have been or may be involved in activities contrary to U.S. national security or foreign policy. According to BIS, Iran Air was added to the Entity List in part because it has facilitated "the Iranian regime's malign activities throughout the Middle East," including transporting military-related equipment on behalf of the Islamic Revolutionary Guards Corps and diverting spare aircraft parts intended for civil aviation for military purposes.

The EAR imposes additional licensing requirements on exports, reexports, and in-country transfers to Entity List entities. In [prior guidance](#), BIS has advised that the shipment of items subject to the EAR by a carrier on the Entity List is not itself prohibited, provided that the designated carrier is not a consignee of the goods. However, BIS has advised that a transaction involving such a designated carrier carries a "red flag," and companies should exercise caution and strong oversight if they use such a carrier, because even if the Entity List carrier is not the end user of the items, it will likely have access to them, increasing the risk of diversion.

This means that companies are not automatically prohibited by this Entity List designation from using Iran Air as a carrier if they are already exporting food, medicine, or medical devices pursuant to the ag/med GL. Because Iran Air is only designated with the [IRAN] tag on OFAC's List of Specially Designated Nationals and Blocked Persons, its use for such authorized

transactions is not prohibited by the ag/med GL, unlike other Iranian airlines that are designated under additional programs, such as Mahan Air.

However, a BIS license is required if Iran Air is the end user or a consignee of the goods, with a license review policy of case-by-case review for licenses for the safety of civil aviation and the safe operation of aircraft, and a presumption of denial for all other licenses. Therefore, companies exporting to Iran under the ag/med GL using Iran Air should confirm that they are not also consigning goods to Iran Air.

If you have questions about how the additions to the Entity List may impact your company, please contact any of the listed Hogan Lovells lawyers.

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