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Chairman Mast, Ranking Member Meeks, and members of the Committee, thank you for the opportunity to testify today. The topic of this hearing could not be more urgent: identifying and disrupting Iran's illicit revenue streams and understanding how these funds sustain Tehran's malign activities—especially its sponsorship of terror proxies and advancing nuclear program. As long as Iran's oil exports remain robust, the regime will retain the financial oxygen it needs to fund terrorism and develop a nuclear weapons capability. Disrupting these revenue streams is a national security imperative.

Iran's Oil Sector and the IRGC's Involvement

Iran's oil and gas sector remains the lifeblood of its economy and regime finances. Iran holds the world's fourth-largest crude oil reserves and continues to produce around 3 million barrels per day (bpd) of crude oil.[1] Despite sanctions, oil income is Tehran's principal source of foreign currency.[2] Importantly, Iran's Islamic Revolutionary Guard Corps (IRGC)—designated as a Foreign Terrorist Organization in 2019—is deeply entrenched in this sector. The IRGC and its Qods Force (IRGC-QF) have tightened their grip over Iran's oil industry, controlling up to half of Iran's oil exports today, a sharp rise from roughly 20 percent in 2021.[3]

This integration of the IRGC into Iran's oil supply chain means that oil revenues directly bankroll the regime's military and terrorist activities. U.S. authorities note that Iran generates "the equivalent of billions of dollars each year" from oil sales specifically to fund the IRGC's agenda—including its nuclear program, ballistic missile production, and support for terrorist proxies like Hamas, Hizballah, and the Houthis.[4] Indeed, the Department of Justice underscored that "while the IRGC and its Qods Force are the regime's terrorist strongarms, oil is its lifeblood," enabling Tehran to finance terrorism abroad.[5] Since 2012, Iran is estimated to have channeled over $20 billion of oil income to militant groups. Today, that pattern continues at an alarming scale. For example, one multi-country oil smuggling network directed by a senior IRGC-QF official was caught funneling proceeds to the QF, with $108 million seized and 500,000 barrels of Iranian

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1 "Iran's Oil Output Rises by 34,000 Barrels in February 2025," *Tehran Times*, March 14, 2025, https://www.tehrantimes.com/news/510925/Iran-s-oil-output-rises-by-34-000-barrels-in-February-2025.

2 Jonathan Saul and Parisa Hafezi, "Iran's Revolutionary Guards Extend Control over Tehran's Oil Exports, Sources Say," December 18, 2024, https://www.japantimes.co.jp/news/2024/12/18/world/politics/iran-revolutionary-guards-oil.

3 Jonathan Saul and Parisa Hafezi, "Iran's Revolutionary Guards Extend Control over Tehran's Oil Exports, Sources Say," December 18, 2024, https://www.japantimes.co.jp/news/2024/12/18/world/politics/iran-revolutionary-guards-oil.

4 U.S. Department of the Treasury, "Treasury Targets Oil Network Generating Hundreds of Millions of Dollars for Iran's Military," press release, February 6, 2025, https://home.treasury.gov/news/press-releases/sb0015#:~:text=Iran%20generates%20the%20equivalent%20of,these%20oil%20sales%20and%20shipmentshttps://home.treasury.gov/news/press-releases/sb0015.

5 U.S. Department of Justice, "Justice Department Announces Terrorism and Sanctions-Evasion Charges and Seizures Linked to Illicit, Billion-Dollar Global Oil Trafficking Network That Finances Iran's Islamic Revolutionary Guard Corps and Its Malign Activities," press release, February 2, 2024, https://www.justice.gov/archives/opa/pr/justice-department-announces-terrorism-and-sanctions-evasion-charges-and-seizures-linked#:~:text=%E2%80%9CWhile%20Iran%E2%80%99s%20Islamic%20Revolutionary%20Guard,built%20to%20fund%20its%20regime.

oil confiscated by U.S. law enforcement in early 2024.[6] In short, Iran's oil sector and the IRGC are inseparable—oil underwrites the IRGC's operations, and the Guards, in turn, oversee much of Iran's oil export apparatus. This reality makes vigorous oil sanctions enforcement vital.

New information since 2023 has shed light on how extensively the IRGC orchestrates and profits from Iran's oil trade, blurring any distinction between "licit" oil sales and IRGC illicit finance. Because the IRGC (particularly the QF) now controls up to 50 percent of Iran's oil exports by volume, perhaps half of Iran's roughly $50 billion in annual oil earnings are flowing through IRGC-managed channels. This has occurred through deliberate strategy: years ago, the late IRGC-QF commander Qassem Soleimani set up an elaborate clandestine oil export network, which the IRGC expanded after U.S. sanctions were reimposed in 2018. Today, that network functions as a parallel oil marketing apparatus alongside Iran's official oil ministry.[7]

The IRGC's oil enterprise operates by covert means. As described, the Guards deploy a "shadow fleet" of hundreds of aging tankers to carry sanctioned Iranian crude around the globe. These tankers are often foreign-flagged and disguised through repainted hulls, altered vessel identification numbers, and forged ownership documents. This ghost fleet has grown from a few dozen vessels in 2018 to an estimated 477 tankers by the end of 2024, as Iran and its partners purchased or repurposed ships to evade tracking. These vessels engage in tactics such as disabling transponders, falsifying paperwork, frequently changing names/flags, and conducting ship-to-ship (STS) transfers at sea to hide the oil's origin. The IRGC-QF directs many of these deceptive operations. For example, Treasury reported that an IRGC-linked front company, Sepehr Energy, used falsified maritime documents and STS transfers to conceal millions of barrels of oil shipped to China on behalf of Iran's Armed Forces. In that case, the oil tanker "SIRI" was literally repainted and renamed mid-voyage to avoid detection. Such methods are now commonplace across Iran's export supply line.[8]

Beyond the ships themselves, the IRGC relies on a web of foreign-based front companies, brokers, and middlemen to market Iranian oil. These fronts are often registered in countries like China, the UAE, Hong Kong, Singapore, and Malaysia, where they arrange sales and logistics while obscuring any overt ties to Iran or the IRGC. U.S. federal indictments unsealed in February 2024 exposed one such billion-dollar scheme: a Hong Kong company, China Oil & Petroleum Limited, was identified as an IRGC-QF front that

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[6] U.S. Department of Justice, "Justice Department Announces Terrorism and Sanctions-Evasion Charges and Seizures Linked to Illicit, Billion-Dollar Global Oil Trafficking Network That Finances Iran's Islamic Revolutionary Guard Corps and Its Malign Activities," press release, February 2, 2024, https://www.justice.gov/archives/opa/pr/justice-department-announces-terrorism-and-sanctions-evasion-charges-and-seizures-linked#:~:text=%E2%80%9CWhile%20Iran%E2%80%99s%20Islamic%20Revolutionary%20Guard,built%20to%20fund%20its%20regime.

[7] Jonathan Saul and Parisa Hafezi, "Iran's Revolutionary Guards Extend Control over Tehran's Oil Exports, Sources Say," Reuters, December 18, 2024, https://www.japantimes.co.jp/news/2024/12/18/world/politics/iran-revolutionary-guards-oil.

[8] U.S. Department of the Treasury, "Treasury Targets Oil Network Generating Hundreds of Millions of Dollars for Iran's Military," press release, February 6, 2025, https://home.treasury.gov/news/press-releases/sb0015#:~:text=Sepehr%20Energy%20and%20its%20affiliate,destabilizing%20activities%20around%20the%20world.

laundered oil revenue through shell companies and correspondent bank accounts.[9] In that scheme, senior IRGC-QF officers and a Turkey-based energy firm colluded to sell Iranian oil to buyers in China, Russia, and Syria, with proceeds routed back to fund the QF. The Justice Department charged nine individuals (including an IRGC leader) for terrorism and sanctions evasion, and seized over $100 million from the conspiracy.[10] These charges revealed sophisticated techniques: front companies in third countries to disguise IRGC ownership, fraudulent documents to mask the oil's origin, use of STS transfers to blend Iranian oil, and even barter arrangements to avoid traceable payments. It is telling that the IRGC-QF was effectively running an international oil trading and money laundering operation rivaling a national oil company in scope.

Iran's Oil Revenues and Exports (2023-Early 2025)

Despite sanctions, Iran's oil exports surged through 2023 and much of 2024, reaching levels unseen since prior to 2018. According to both U.S. government and independent estimates, Iran's crude oil and condensate exports averaged approximately 1.5–1.6 million barrels per day in 2023,[11] climbing further in 2024. According to estimates from United Against Nuclear Iran, in total, Iran exported about 530 million barrels of oil in 2023 and roughly 587 million barrels in 2024—an increase of nearly 11 percent year-on-year.[12] From 2021 to 2024, Iran cumulatively exported almost 1.98 billion barrels of oil, reflecting the substantial volumes enabled by inconsistent sanctions enforcement during that period.[13] These volumes approach Iran's pre-sanctions export heights, underscoring how much revenue the regime clawed back recently.

Oil revenue has correspondingly rebounded. The U.S. Energy Information Administration (EIA) estimates that Iran's net oil export earnings were about $53 billion in both 2022 and 2023, up from roughly $37 billion in 2021. (Higher export volumes in 2023 did not translate into higher revenue than 2022 due to a decline in global oil prices over that period).[14] Over the full 2021–24 timespan, Iran's crude oil and condensate exports

[9] Financial Crimes Enforcement Network, "FinCEN Advisory to Financial Institutions to Counter the Fiancing of Iran-Backed Terrorist Organizations," advisory, May 8, 2024, https://home.treasury.gov/news/press-releases/sb0015#:~:text=Sepehr%20Energy%20and%20its%20affiliate,destabilizing%20activities%20around%20the%20world.

[10] U.S. Department of Justice, "Justice Department Announces Terrorism and Sanctions-Evasion Charges and Seizures Linked to Illicit, Billion-Dollar Global Oil Trafficking Network That Finances Iran's Islamic Revolutionary Guard Corps and Its Malign Activities," press release, February 2, 2024, https://www.justice.gov/archives/opa/pr/justice-department-announces-terrorism-and-sanctions-evasion-charges-and-seizures-linked#:~:text=%E2%80%9CWhile%20Iran%E2%80%99s%20Islamic%20Revolutionary%20Guard,built%20to%20fund%20its%20regime.

[11] U.S. Energy Information Administration, *Report on Iranian Petroleum and Petroleum Product Exports*, pg. 3, October 2024, https://www.eia.gov/international/content/analysis/special_topics/SHIP_Act/SHIP-Act.pdf.

[12] Claire Jungman and Daniel Roth, "UANI's Final Tanker Tracker of 2024: A Year in Review," United Against Nuclear Iran, January 3, 2025, https://www.unitedagainstnucleariran.com/blog/uanis-final-tanker-tracker-of-2024-year-review#:~:text=In%202024%2C%20Iran%20exported%20587,98%20billion%20barrels%20of%20oil.

[13] Claire Jungman and Daniel Roth, "UANI's Final Tanker Tracker of 2024: A Year in Review," United Against Nuclear Iran, January 3, 2025, https://www.unitedagainstnucleariran.com/blog/uanis-final-tanker-tracker-of-2024-year-review#:~:text=In%202024%2C%20Iran%20exported%20587,98%20billion%20barrels%20of%20oil.

[14] U.S. Energy Information Administration, *Report on Iranian Petroleum and Petroleum Product Exports*, pg 2, October 2024, https://www.eia.gov/international/content/analysis/special_topics/SHIP_Act/SHIP-Act.pdf.

would be valued at around $135 billion in gross terms.[15] Even accounting for the steep discounts Iran offers to entice buyers under sanctions (often $10–30 per barrel off market prices), Tehran likely realized well over $100 billion in actual oil revenue during the past four years. These funds bolster the regime's resilience against economic pressure and enable its regional aggression.

Iran's oil export destinations highlight another concerning trend. China has become by far the dominant buyer of Iranian crude, accounting for an estimated 90 percent or more of Iran's oil exports in 2023–24. United Against Nuclear Iran's tanker tracking found that China imported about 431 million barrels of Iranian oil in 2023 (over 80 percent of Iran's exports), rising to 533 million barrels in 2024 (over 91 percent of those exports).[16] This illicit oil trade is largely carried out via indirect channels—often through Iran's ghost fleet tankers offloading to other ships or ports before the oil reaches China. The remaining Iranian oil has trickled to a few other destinations. For example, Syria (which receives Iranian oil as strategic aid) saw deliveries fall from roughly 40 million barrels in 2023 to about 22 million in 2024, and small volumes reached countries like the United Arab Emirates or were marked "unknown" as Iran and its intermediaries obfuscated shipments.[17] Notably, China's purchases of Iranian oil increased by over 20 percent last year despite U.S. sanctions, filling the gap left by OPEC+ production cuts and helping Beijing secure discounted crude. This development has cemented a symbiotic relationship: Iran relies on China as an economic lifeline, and China benefits from cheap sanctioned oil.

This arrangement carries significant geopolitical consequences. Beijing's continued purchase of discounted Iranian crude undercuts the integrity of U.S. sanctions and provides Iran with the hard currency needed to fund regional aggression. Moreover, by undercutting lawful global oil suppliers with discounted sanctioned crude, Iran distorts global energy markets and harms American producers. China benefits economically from suppressed oil prices, while the U.S. and its allies confront the security fallout of Iran's strengthened proxies. Without meaningful consequences for these purchases, the sanctions regime risks further erosion. Conversely, designations on Chinese refiners and trading companies in early 2025—such as the sanctions on Shandong Shouguang Luqing Petrochemical—have demonstrated that the U.S. is now willing to extend enforcement pressure down the supply chain. This approach, if sustained, could meaningfully disrupt Iran's energy trade.

The resurgence in Iran's oil exports supplied Tehran with a surge of hard currency. Iranian officials, emboldened by the inflows, drafted government budgets assuming even higher export targets (e.g., 1.85 million bpd in the next fiscal years as of early 2024).[18] The resurgence of oil income coincided with Iran escalating support to militant proxies—from supplying UAVs and missiles to Hizballah and the Houthis, to bankrolling Hamas's military buildup. The October 2023 Hamas war was partly funded by Iran's oil boom in the months prior.

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[15] Dalga Khatinoglu, "Iran Sold 2 Billion Barrels of Oil During Biden's Presidency," Iran International, January 4, 2025, https://www.iranintl.com/en/202501043721.

[16] Claire Jungman and Daniel Roth, "UANI's Final Tanker Tracker of 2024: A Year in Review," United Against Nuclear Iran, January 3, 2025, https://www.unitedagainstnucleariran.com/blog/uanis-final-tanker-tracker-of-2024-year-review#:~:text=In%202024%2C%20Iran%20exported%20587,98%20billion%20barrels%20of%20oil.

[17] Claire Jungman and Daniel Roth, "UANI's Final Tanker Tracker of 2024: A Year in Review," United Against Nuclear Iran, January 3, 2025, https://www.unitedagainstnucleariran.com/blog/uanis-final-tanker-tracker-of-2024-year-review#:~:text=In%202024%2C%20Iran%20exported%20587,98%20billion%20barrels%20of%20oil.

[18] Dalga Khatinoglu, "Iran Sold 2 Billion Barrels of Oil During Biden's Presidency," Iran International, January 4, 2025, https://www.iranintl.com/en/202501043721.

However, late 2024 brought signs of change: beginning in October, Iran's exports dipped below 1.4 million bpd on average.[19] This decline, in part, could be attributed to new U.S. sanctions on dozens of tankers in fall 2024 and the anticipation of a tougher U.S. sanctions posture after that year's elections. The robust enforcement beginning in late 2024 is already constraining Iran's ability to fund its proxies. Every tanker seized or bank account frozen directly impedes cash flow to such groups. Strategically, this weakens Iran's hand in the region. We have seen the IRGC-QF have to become more creative and frugal when resources are scarce (as during 2019–20). Cutting off Iran's oil revenues in 2025 will degrade its ability to pay militias, to purchase advanced weaponry, and to provide stipends to fighters. That in turn can reduce the frequency and scale of proxy attacks, whether in Yemen, Gaza, Syria, or Iraq. From a geopolitical standpoint, rigorous sanctions enforcement is a deterrence tool: it not only punishes Iran for past malign behavior but also signals that continued aggression (e.g. nuclear escalations or terrorist plots) will be met with further financial isolation. This dynamic is particularly important as Iran's nuclear program approaches dangerous thresholds. If Tehran knows that nuclear brinksmanship will result in being economically crippled, it may calculate that the costs of escalation outweigh the benefits.

Additionally, Beijing has recently pressured its small "teapot" refineries—the main consumers of Iranian crude—to scale back due to environmental and efficiency concerns.[20] These factors illustrate that robust enforcement—and even the credible expectation of it—can significantly curb Iran's oil output. Indeed, Iran's own oil ministry acknowledged the risk by lowering its short-term export projections. Going forward, sustaining pressure on Iran's oil revenues will be vital to constrain the regime's funding for malign activities.

Illicit Revenue Streams Beyond Oil (Cryptocurrency, Front Companies, Regional Trade, Smuggling)

Since 2023, Iran has increasingly diversified how it earns and moves funds illegally, often to supplement oil revenues or evade detection. Key illicit revenue streams gaining importance include the use of cryptocurrency, complex front company networks, regional trade and bartering, and various smuggling activities.

- **Cryptocurrency**:
    - Iran has turned to crypto both as a means of storing/transferring value and as a source of new revenue (through mining). In late 2023, U.S. and Israeli investigations revealed that Iran-backed terrorist groups like Hamas are using crypto exchanges to solicit and launder funds.[21] In fact, Treasury's first round of sanctions after the October 7, 2023, Hamas attack targeted a Gaza-based virtual currency exchange and its operator that Hamas used to receive international crypto donations.[22] Hamas's financial facilitators leveraged digital

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[19] "Iran Tanker Tracker," United Against Nuclear Iran, last updated March 3, 2025, https://www.unitedagainstnucleariran.com/tanker-tracker?tab=1.
[20] Dalga Khatinoglu, "Iran Sold 2 Billion Barrels of Oil During Biden's Presidency," Iran International, January 4, 2025, https://www.iranintl.com/en/202501043721.
[21] Rowan Scarpino and Jocelyn Trainer, "Sanctions by the Numbers: 2023 Year in Review," Center for a New American Security, June 27, 2024, https://www.cnas.org/publications/reports/sanctions-by-the-numbers-2023-year-in-review#:~:text=Following%20the%20October%207%2C%202023%2C,States%20partnered%20with%20the%20United.
[22] Treasury, "Following Terrorist Attack on Israel, Treasury Sanctions Hamas Operatives and Financial Facilitators," October 18, 2023.

wallets to crowdfund anonymously, attempting to bypass the formal banking system.[23] These actions prompted OFAC to designate that exchange and related Hamas crypto investment portfolios on October 18, 2023, and to expand sanctions in January 2024 (in coordination with the UK and Australia) against additional Hamas-linked crypto networks and IRGC-QF financiers who funneled cryptocurrency to Hamas and Palestinian Islamic Jihad.

  - Iran's government itself mines Bitcoin at an industrial scale to generate income. Iran legalized crypto mining in 2019, and in the five years since, it has raised millions of dollars by mining Bitcoin—providing a sanctions-resistant revenue stream that Tehran uses to purchase needed imports and even to fund terrorist organizations like Hamas. Iranian state-affiliated miners enjoy access to heavily subsidized electricity, effectively converting Iran's energy reserves into crypto assets. These Bitcoins can then be sold abroad for hard currency or used to pay for sanctioned imports. (The International Monetary Fund noted that sanctioned regimes can monetize energy via mining when they cannot easily export oil.)[24]
  - While U.S. sanctions prohibit providing crypto services to Iran, the pseudonymous nature of blockchain transactions makes enforcement challenging. The Trump administration has begun responding—for example, the Treasury and Justice Departments have pursued Iranian ransomware and darknet actors exploiting crypto.[25]
  - But Iran's pivot to crypto is real: by 2024, Iran reportedly handled over $8 billion in crypto transactions despite sanctions, indicating that stricter tracking of Iranian-linked wallets and mining operations is needed.[26]

- **Front Companies and Shadow Banking**:
  - Iran and the IRGC increasingly rely on multi-jurisdictional front company networks to obscure financial flows. These fronts facilitate both oil sales (as discussed) and procurement of sanctioned goods.
  - In March 2023, OFAC sanctioned a ring of 39 front companies across Iran, Hong Kong, China, and the UAE that formed a "shadow banking" network, moving billions for

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[23] Rowan Scarpino and Jocelyn Trainer, "Sanctions by the Numbers: 2023 Year in Review," Center for a New American Security, June 27, 2024, https://www.cnas.org/publications/reports/sanctions-by-the-numbers-2023-year-in-review#:~:text=Following%20the%20October%207%2C%202023%2C,States%20partnered%20with%20the%20United.

[24] U.S. Senators Elizabeth Warren and Angus S. King Jr. to U.S. Secretary of Defense Lloyd J. Austin III, Secretary of the Treasury Janet Yellen, and National Security Advisor Jake Sullivan, May 1, 2024, https://www.warren.senate.gov/imo/media/doc/2024.05.01%20Letter%20to%20Treasury,%20White%20House,%20DoD%20on%20Iran%20Cryptomining.pdf#:~:text=legalized%20the%20cryptomining%20industry%20in,the%20Iranian%20government%20threatens%20our.

[25] U.S. Department of the Treasury, "Treasury Sanctions Head of Online Darknet Marketplace Tied to Fentanyl Sales," press release, March 4, 2025, https://home.treasury.gov/news/press-releases/sb0040#:~:text=WASHINGTON%20%E2%80%94%20Today%2C%20the%20U,Today%E2%80%99s.

[26] Rowan Scarpino and Jocelyn Trainer, "Sanctions by the Numbers: 2023 Year in Review," Center for a New American Security, June 27, 2024, https://www.cnas.org/publications/reports/sanctions-by-the-numbers-2023-year-in-review#:~:text=Following%20the%20October%207%2C%202023%2C,States%20partnered%20with%20the%20United.

sanctioned Iranian entities.[27] Since then, additional front companies have been exposed, often tied to IRGC procurement. For instance, in 2024, the U.S. designated companies in Malaysia and Hong Kong that were helping Iran acquire sensitive drone and missile components, in violation of export controls.[28] Such intermediaries use foreign bank accounts and false documentation to disguise that transactions ultimately benefit Iran or the IRGC.

  - Just two months ago, in February 2025, OFAC took action against an international oil broker network spanning China, UAE, and India that was fronting for Iran's Armed Forces and IRGC-QF.[29] These designations underscore that front companies enabling Iran's evasion are now squarely in U.S. crosshairs.
  - However, the proliferation of new shell companies (many in jurisdictions with lax oversight) means that sanctions enforcement often remains a game of "whack-a-mole." The emergence of false maritime registries and fictitious company identities to conceal tanker ownership is one example—a problem that grew in 2023–24 as real flag states de-flagged some illicit vessels, only for sham registries to "flag" them on paper.[30] Vigilance and intelligence sharing on these front companies is more important than ever.

- **Regional Trade and Smuggling**:
  - In addition to large-scale oil exports, Iran has turned to regional smuggling and barter trade to generate revenue and obtain hard currency.
  - One prominent avenue is the hawala-style movement of U.S. dollars from Iraq into Iran. Throughout 2023, Iran exploited Iraq's dollar-based economy to skirt banking sanctions—Iranian-linked money traders would collect physical dollars from Iraq (often sourced from Iraqi banks or dollar auctions) and courier them to Iran or funnel them through exchange houses. The Treasury Department, in collaboration with Iraq's central bank, moved in July 2023 to ban 14 Iraqi banks from U.S. dollar transactions due to their role in illicit transfers to Iran.[31] This crackdown has somewhat constrained Iran's access to cash dollars, but smuggling continues via unlicensed exchangers.
  - Iran has also expanded regional commerce in local currencies to bypass the U.S. financial system. For example, trade with Russia has grown under their strategic partnership. Iran sells drones and other arms to Russia for use in Ukraine, and in return may receive payment

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[27] Rowan Scarpino and Jocelyn Trainer, "Sanctions by the Numbers: 2023 Year in Review," Center for a New American Security, June 27, 2024, https://www.cnas.org/publications/reports/sanctions-by-the-numbers-2023-year-in-review#:~:text=Following%20the%20October%207%2C%202023%2C,States%20partnered%20with%20the%20United.

[28] Financial Crimes Enforcement Network, "FinCEN Advisory to Financial Institutions to Counter the Fiancing of Iran-Backed Terrorist Organizations," advisory, May 8, 2024, https://home.treasury.gov/news/press-releases/sb0015#:~:text=Sepehr%20Energy%20and%20its%20affiliate,destabilizing%20activities%20around%20the%20world.

[29] U.S. Department of the Treasury, "Treasury Targets Oil Network Generating Hundreds of Millions of Dollars for Iran's Military," press release, February 6, 2025, https://home.treasury.gov/news/press-releases/sb0015#:~:text=WASHINGTON%20%E2%80%94%20Today%2C%20the%20Department,as%20well%20as%20several%20vessels.

[30] Claire Jungman and Daniel Roth, "UANI's Final Tanker Tracker of 2024: A Year in Review," United Against Nuclear Iran, January 3, 2025, https://www.unitedagainstnucleariran.com/blog/uanis-final-tanker-tracker-of-2024-year-review#:~:text=In%202024%2C%20Iran%20exported%20587,98%20billion%20barrels%20of%20oil.

[31] David S. Cloud, "U.S. Bans 14 Iraqi Banks in Crackdown on Iran Dollar Trade," *Wall Street Journal*, July 19, 2023, https://www.wsj.com/articles/u-s-sanctions-14-iraqi-banks-in-crackdown-on-iran-dollar-trade-33ef9f35.

in rubles, gold, or commodities.[32] Likewise, Iran trades with neighbors like Afghanistan and Syria through informal networks, exchanging fuel, minerals, and goods in deals outside of SWIFT.[33] While these barter trades are not all high-value, they do provide incremental revenue and supplies.

- Smuggling of refined petroleum products has also spiked. Iran's heavily subsidized gasoline is trafficked overland by tanker truck into Pakistan and Afghanistan, where it's sold for profit. A Reuters investigation in mid-2023 found over 1,000 tanker trucks were carrying Iranian fuel across Iran's borders daily, amounting to as much as 200,000 bpd of diesel and other fuels being smuggled for regional sale.[34]
- Finally, gold and precious metals remain a tool: Iran has revived schemes to trade energy for gold (as it infamously did with Turkey earlier last decade).[35]
- Each of these streams—dollars siphoned from Iraq, sanctioned weapons sales, fuel smuggling, and barter in gold—has grown more important as formal sanctions tightened on Iran's banks.

Regime Behavior and Nuclear Calculations

Finally, we must consider how current sanctions enforcement influences Iran's internal calculations. When Iran was allowed to export oil relatively freely in 2022–23, its leadership had little incentive to compromise on U.S. concerns—Tehran's economy stabilized, the currency strengthened off its lows, and the regime could fund repression at home and adventurism abroad without facing economic collapse. This likely emboldened Iran to take a harder line in nuclear negotiations, as evidenced by stalled talks and Iran's acceleration of uranium enrichment to 60 percent.

Now, facing renewed financial pressure, Iran's regime faces a dilemma: either come back to the negotiating table in earnest or watch its financial position deteriorate significantly. Properly enforced oil sanctions could cost Iran tens of billions of dollars in lost revenue per year, shrinking its GDP and straining its budget (over half of which relies on oil).

Historically, Iran's leadership has shown flexibility when economic crisis looms. For instance, Iran agreed to nuclear talks in 2013 when sanctions bit hard, and again showed interest in diplomacy in late 2019 under maximum pressure. The current administration's posture may similarly force Iran to recalculate.

Of course, a cornered regime could also act out in the short term. For example, Iran might harass shipping in the Persian Gulf or encourage proxies to attack U.S. assets regionally as retaliation for sanctions. We have seen episodic tanker seizures by Iran, such as the Spring 2023 incidents where Iran seized vessels in the Gulf of Oman in response to American oil confiscations. The U.S. must be prepared to deter and respond

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[32] "Russia, Iran Poised for Trade Surge, Cultural Expansion Following Strategic Partnership Treaty," *Tehran Times*, March 10, 2025, https://www.tehrantimes.com/news/510779/Russia-Iran-poised-for-trade-surge-cultural-expansion-following.

[33] Hamidreza Azizi and Julien Barnes-Dacey, "Beyond Proxies: Iran's Deeper Strategy in Syria and Lebanon," European Council on Foreign Relations, June 5, 2024, https://ecfr.eu/publication/beyond-proxies-irans-deeper-strategy-in-syria-and-lebanon/.

[34] Maha El Dahan and Yousef Saba, "Fuel Oil Smuggling Network Rakes in $1 Billion for Iran and Its Proxies," Reuters, December 3, 2024, https://www.yahoo.com/news/fuel-oil-smuggling-network-rakes-041056356.html.

[35] "Iran Cuts Gold Import Tariff to Zero," Press TV, January 15, 2025, https://www.presstv.ir/Detail/2025/01/15/740965/Iran-gold-imports-tariff-cut-sanctions.

to any Iranian escalation linked to sanctions enforcement. A stronger naval presence and multilateral security for commercial shipping can blunt Iran's leverage. Notably, however, if Iran escalates militarily, it only strengthens the case for keeping sanctions tight.

On the nuclear front, the administration's stance implies that there will be no sanctions relief for Iran's regime without dismantling its nuclear program. This is the correct approach. This kind of deal will only be attainable after a significant U.S. pressure campaign, which robust sanctions enforcement provides.

In total, since October 7, 2023, the U.S. has issued well over a dozen tranches of Iran-related sanctions designations, hitting terrorist financiers, IRGC-QF oil operatives, front companies, banks, transport networks, and even buyers. All these actions are interlinked: they aim to systematically disrupt Iran's financial support for terrorism and nuclear proliferation by targeting the money flows at their source (oil sales) and along their pathways (banking, crypto, smuggling). Treasury officials have indicated this campaign will continue so long as Iran pursues its current course. I applaud these efforts—particularly the more recent willingness to confront complicity by actors in China and elsewhere. Such resolute enforcement was long overdue. As we stand today, Iran's leadership faces a fundamentally altered risk calculus: the high oil export volumes and sanction evasion enjoyed over the past few years can no longer be taken for granted.

Where Do We Go From Here?

Given the evolving landscape described, I offer the following recommendations to sustain and strengthen the sanctions regime against Iran's illicit oil revenues and associated networks. These proposals are aligned with the administration's renewed "maximum pressure" posture as of 2025 and are intended to close remaining gaps in enforcement while mitigating unintended consequences:

Aggressively Enforce Oil Export Sanctions to Drive Iran's Oil Revenues Toward Zero:

- The U.S. should continue—and accelerate, if possible—its campaign of identifying and sanctioning entities involved in Iranian oil exports. This means sustained, regular designations of the remaining vessels in Iran's ghost fleet and the network of brokers and facilitators that support them. The U.S. should aim to designate every known ghost fleet tanker within the next year, in coordination with allies. This will complicate Iran's ability to insure and maintain these ships, and flag states will be under pressure to strike them from registries. Moreover, extending sanctions to any entity providing services to those vessels—such as insurers, classification societies, and ship management companies—will further impair the fleet's operations.
- The administration's willingness to sanction a Chinese end-user (the Luqing refinery) is a strong signal. Washington should similarly not hesitate to sanction international commodity traders or banks if they knowingly facilitate Iranian oil trades. The recent sector determination under Executive Order 13902 means any person operating in Iran's petroleum sector is fair game for sanctions. OFAC and State should wield this authority robustly—for example, by issuing an alert that even refiners in countries like China or India could face sanctions if they process Iranian oil. The goal should be to make Iran's oil so toxic commercially that even clandestine buyers retreat. While zero exports may be unrealistic as long as some countries remain defiant, the U.S. should pursue the past policy objective of getting as close to zero as possible. Every 100,000 barrel reduction in Iran's exports costs the IRGC millions of dollars.

Target the Enablers: Flag States, Registries, Ports, and Shipping Services:

- Iran's oil smuggling enterprise depends on complicit or lax jurisdictions that provide flags for ships, registries, crewing, and ports for transshipment. The U.S. must increase pressure on these enabling nodes. Diplomatic engagement is one tool. For example, Panama's flag registry notoriously once flagged nearly half of Iran's ghost fleet. In 2024, Panama at long last stepped up de-flagging efforts—removing 133 vessels from its registry—amid growing congressional and administration scrutiny, much of it informed by UANI's tracking and advocacy. However, Panama also added new vessels linked to Iran, highlighting the need for sustained pressure. The U.S. should send a clear message to Panama—and other flags of convenience like the Comoros, Gabon, Palau, and the Cook Islands—that continued registration of Iranian sanction-evading ships will result in consequences. This could include sanctioning the maritime authorities or companies responsible for these flags if they knowingly register ghost fleet vessels. Congress may consider legislation conditioning foreign aid or trade benefits on cooperation in shipping enforcement. Additionally, the U.S. could threaten to ban persistently non-compliant flag states' vessels from U.S. ports—a drastic step, but one that would get attention. Even if not immediately implemented, this threat could incentivize better behavior.
- Beyond flags, false registries that have emerged (essentially fraud operations that claim to register vessels under non-existent or uninvolved states) must be dismantled. The U.S. should work with the International Maritime Organization (IMO) and Interpol to expose and shut down fake registries—potentially via an IMO resolution that no ship will be recognized as legally registered without verifiable registry documentation directly from the purported flag state.
- Another enabler is ports that host transshipments of Iranian oil. Malaysia's waters near the Riau Archipelago have become a hotspot for ship-to-ship transfers of Iranian (and Venezuelan) oil. The U.S. should encourage Malaysia to police and curtail these operations, offering technical help to monitor its exclusive economic zone for dark activities. If progress is not seen, sanctions on port operators or storage facilities in Malaysia or elsewhere that knowingly store or handle Iranian oil should be on the table. We have precedent—the State Department's March 2025 designation of a Chinese storage terminal (Huizhou Bay) for holding Iranian oil was an assertive move. Similar action could be taken against any port facility in the Middle East or Asia that emerges as an Iranian oil hub (for instance, some Iranian oil has been suspected to go to the UAE's Fujairah storage in the past).
- Finally, the U.S. should widen the net on maritime service companies: insurers (P&I clubs), classification societies, bunker fuel suppliers, and shipping management firms that service Iran's fleet. Many reputable firms exited Iran's trade long ago, but some smaller or obscure ones may still partake. If they facilitate sanctioned oil movements, add them to the SDN list. Cutting off insurance in particular can sideline a tanker (as it cannot enter many ports without insurance). The bottom line is to make every link of Iran's illicit oil supply chain—from flagging to port call—a point of vulnerability for Iran through targeted pressure.

Expand Maritime Interdiction and Seizures on the High Seas

- Increase interdictions of Iranian oil tankers on the high seas, particularly those operating under false flags or conducting deceptive shipping practices like ship-to-ship (STS) transfers in international waters. The U.S. Navy and allied maritime coalitions (e.g. CTF-153 or EU NAVFOR) should be empowered to board, inspect, and detain suspect vessels, especially in chokepoints like the Strait of Hormuz, Bab el-Mandeb, and the Strait of Malacca. Legal authorities under the U.S. National Defense Authorization Act and multilateral frameworks (e.g., the Proliferation Security Initiative) can support this. Each seized tanker not only removes oil from Iran's books but deters others from participating.

- Expand deployment of AI-enhanced maritime surveillance tools to detect Iranian ghost fleet activity in near real time. This includes pattern recognition of STS transfers, AIS manipulation, unusual port calls, or use of high-risk flags. Treasury and DoD can collaborate with commercial satellite providers to create a centralized watchlist of deceptive tankers and cross-reference it with sanctions data.
- Use predictive analytics to pre-designate vessels likely to be used for sanctions evasion before they are deployed. If a recently purchased tanker is registered to a shell company in a known evasive jurisdiction and immediately disables or manipulates its transponder in the Persian Gulf, OFAC should fast-track designation.

Establish a Global Maritime "No Dock" List for Sanctioned Tankers:

- Build on the concept of financial de-risking by encouraging a coalition of ports and private terminal operators to voluntarily refuse service to designated or high-risk vessels. This would operate like a maritime "no-fly list"—tankers flagged by the U.S. as IRGC-linked or engaged in oil smuggling would be barred from receiving docking, bunkering, or maintenance services at any participating port. The U.S. could encourage this through both diplomacy and disincentives, such as limiting U.S. port access or insurance market participation to compliant entities.

Enhance Global Coordination and Intelligence Sharing:

- Sanctions work best when the international community is unified. The U.S. should build on the cooperation seen with allies in late 2023 and form a more formalized "Iran Illicit Finance Enforcement Task Force." This could involve G7 countries plus key regional partners (e.g., Gulf states, Singapore, South Korea) coordinating intelligence and enforcement actions against Iranian evasion. One model is the coordination mechanism used for the Russia sanctions and price cap (regular info exchange on evasion). For Iran, such a forum could facilitate real-time sharing of tanker tracking data, financial intelligence on front companies, and cryptocurrency wallet information linked to Iran. The aim is to ensure that once the U.S. takes action, allies quickly follow with their own measures, closing off alternative avenues. For instance, after the U.S. sanctioned an IRGC front in Hong Kong, allied financial centers should also freeze any of its assets. The task force could also collectively engage countries like the UAE or Oman that might be used as transshipment or smuggling points, offering a unified diplomatic message and assistance to crack down.

Strengthen Measures Against Iran's Cryptocurrency and Cyber Finance Evasion:

- As Iran leans into crypto to bypass sanctions, U.S. policy should adapt accordingly. If specific mining facilities or operators (including foreign equipment suppliers) can be identified, the Office of Foreign Assets Control (OFAC) should designate them, and the U.S. should work with mining equipment makers to ensure no new technology goes to Iran. OFAC and DOJ should continue to pursue exchanges worldwide (many are in regions like the Middle East or former Soviet states) that Iranian users rely on. If those exchanges have a U.S. nexus or use American technology, enforcement action (fines or shutdowns) is warranted. Treasury might also consider adding specific Iranian crypto wallet addresses to the sanctions list, as was done for North Korean hacking wallets—this makes it easier for exchanges to block those funds. On the technology side, the U.S. government should invest in blockchain analytics capabilities and partner with leading crypto-tracing firms to track Iranian illicit crypto flows in real time. This will aid in identifying when, for example, a IRGC-affiliated wallet tries to cash out cryptocurrency via an exchange. Additionally, expanding information sharing with Israel (which has keen insight on Hamas/Iran crypto) and other allies will improve collective attribution of illicit crypto accounts to Iran.

Leverage Secondary Sanctions and Congress's Voice:

- The credible threat of U.S. secondary sanctions often influences foreign companies' choices even if not yet applied. The Administration should fully enforce existing secondary sanctions authorities—for example, the Countering America's Adversaries Through Sanctions Act's (CAATSA) Section 228, which allows sanctions on foreign financial institutions that facilitate significant transactions for Iran's Revolutionary Guards or sanctioned entities. This could be used against, say, banks in third countries that are still clearing payments for Iranian oil through cut-outs. Congress can assist by conducting oversight and highlighting foreign sanction evaders, effectively shining a spotlight that can deter ongoing trade with Iran. I suggest that Congress require frequent public reporting on Iran's oil export levels and sanction evasion networks, perhaps quarterly. This transparency will reinforce pressure on the Administration to meet enforcement benchmarks and will signal to foreign governments that Congress is watching their compliance.
- Furthermore, Congress should be prepared to pass new legislation if needed to close gaps—for instance, a law mandating sanctions on any entity/vessel insured by Iranian insurers (to hit Iranian insurance companies stepping in to cover the ghost fleet). Bipartisan resolve on this issue is strong; demonstrating that unity will strengthen the U.S. negotiating hand. On the flip side, Congress should make clear that sanctions relief will not be granted lightly—only meaningful, verifiable changes in Iran's behavior (such as a durable rollback of its nuclear program and cessation of terrorist financing) would warrant considering any easing. This clarity will disabuse Tehran of hopes that it can wait out sanctions or split Washington's resolve. Instead, Iran's leaders must feel that their only way to save their economy is to genuinely alter course. Secondary sanctions and a united Congress serve as force multipliers to the Executive's efforts, and I encourage maintaining them.

Looking ahead, sanctions must remain central—but they cannot operate in a vacuum. United Against Nuclear Iran (UANI) emphasized this reality in its "100 Day Recommendations" to the Trump administration, underscoring that a successful strategy toward Iran requires a comprehensive, whole-of-government approach. This must combine diplomatic engagement, public messaging, military preparedness, and economic pressure to reshape the regime's cost-benefit calculus.

To reestablish deterrence, the United States should respond firmly to Iranian aggression—including that carried out by proxies like the Houthis—by holding Tehran directly accountable. This includes the option of targeted strikes on IRGC military assets inside Iran to impose costs for continued attacks on U.S. interests and partners.

Most critically, the U.S. must reject any return to the flawed JCPOA framework. Tehran is attempting to steer negotiations toward a slightly modified version of the 2015 deal. That is the wrong paradigm. The right approach is one that insists on the complete dismantlement of Iran's nuclear program—including its uranium enrichment infrastructure, weaponization activities, and strategic missile capabilities.

Only a decisive, unified, and pressure-based posture, backed by real enforcement and credible consequences, will compel meaningful change in Iran's behavior. We must make clear that the era of temporary deals and unenforced red lines is over. Iran must face a binary choice: reverse course—or face economic isolation and deterrent force.