

U.S. DEPARTMENT OF THE TREASURY

Treasury Sanctions Key Actors in Iran's Steel Sector

January 5, 2021

WASHINGTON – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated a China-based supplier of graphite electrodes, a key element in steel production, as well as twelve Iranian producers of steel and other metals products, and three foreign-based sales agents of a major Iranian metals and mining holding company. The Iranian metals sector is an important revenue source for the Iranian regime, generating wealth for its corrupt leaders and financing a range of nefarious activities, including the proliferation of weapons of mass destruction and their means of delivery, support for foreign terrorist groups, and a variety of human rights abuses, at home and abroad.

"The Trump Administration remains committed to denying revenue flowing to the Iranian regime as it continues to sponsor terrorist groups, support oppressive regimes, and seek weapons of mass destruction," said Secretary Steven T. Mnuchin.

Today's action was taken pursuant to Executive Order (E.O.) 13871, which imposes sanctions on several sectors of the Iranian economy, including Iran's steel sector, that continue to generate significant revenue for the Iranian regime.

Chinese Supplier of Materials Critical to Iranian Steel Production

Chinese company **Kaifeng Pingmei New Carbon Materials Technology Co., Ltd. (KFCC)** specializes in the manufacture of carbon materials, key elements in steel production. Between December 2019 and June 2020, KFCC fulfilled orders totaling thousands of metric tons of materials for several Iranian steel companies. In mid-2020, KFCC, working with an Iranian trading firm, sold 300 metric tons of graphite electrodes and miscellaneous equipment to Pasargad Steel Complex in Iran.

KFCC is being designated pursuant to E.O. 13871 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, Iranian steelmaker Pasargad Steel Complex, an entity designated pursuant to E.O. 13871 for operating in the steel sector of Iran.

Iranian Steel Companies and Foreign-based Sales Agents

OFAC is designating 12 Iranian steel manufacturers or holding companies, whose combined annual output capacity reaches millions of metric tons of steel product.

The **Pasargad Steel Complex** is an Iranian steel manufacturer, operating a complex capable of producing 1.5 million tons of steel billets per year. The **Gilan Steel Complex Company** maintains a hot rolling mill with a 2.5-million-ton capacity and a cold rolling mill with an annual capacity of 500,000 tons. Both entities are being designated pursuant to E.O. 13871 for operating in the steel sector of Iran.

Iran-based **Middle East Mines and Mineral Industries Development Holding Company (MIDHCO)**, a metals and mining holding company that includes steelmakers **Sirjan Iranian Steel** and **Zarand Iranian Steel Company**, has a collective production capacity of over 19 million tons of steel, iron, and copper products. MIDHCO encompasses seventeen subsidiaries, including fully owned companies in Germany, China, and the United Kingdom. MIDHCO's Germany-based subsidiary **GMI Projects Hamburg GmbH** paid foreign companies for procurement of parts and machinery on behalf of Sirjan Iranian Steel and Zarand Iranian Steel Company. MIDHCO's China-based subsidiary **World Mining Industry Co., Ltd.** seeks to develop business relationships with Chinese suppliers in the industry.

MIDHCO is being designated for owning, controlling, or operating Sirjan Iranian Steel and Zarand Iranian Steel Company, entities that are part of the steel sector of Iran.

GMI Projects Hamburg GmbH, World Mining Industry Co., Ltd., and U.K.-based GMI Projects Ltd. are being designated for being owned or controlled by MIDHCO.

OFAC is also designating Iranian steelmakers **Khazar Steel Co., Vian Steel Complex, South Rouhina Steel Complex, Yazd Industrial Constructional Steel Rolling Mill, West Alborz Steel Complex, Esfarayen Industrial Complex, Bonab Steel Industry Complex, Sirjan Iranian Steel**, and **Zarand Iranian Steel Company** pursuant to E.O. 13871 for operating in the steel sector of Iran.

Concurrent with this action, the State Department is sanctioning KFCC and the Islamic Republic of Iran Shipping Lines (IRISL) subsidiary Hafez Darya Arya Shipping Company pursuant to Section 1245(a)(1)(C)(II) of the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA) for having knowingly sold, supplied, or transferred, directly or indirectly, graphite to or from Iran, and such graphite was sold, supplied, or transferred to or from an Iranian person on the SDN List. The State Department is also sanctioning Majid Sajdeh, a principal

executive officer of Hafez Darya Arya Shipping Company, pursuant to IFCA Section 1245(a)(1)(C)(II).

Sanctions Implications

All property and interests in property of these persons that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of blocked or designated persons.

In addition, persons that engage in certain transactions with the persons designated today by OFAC may themselves be exposed to sanctions. Furthermore, any foreign financial institution that knowingly conducts or facilitates a significant transaction for or on behalf of the persons designated by OFAC today could be subject to U.S. correspondent or payable-through account sanctions.

[View identifying information on today's designations.](#)

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