The decision by the State Department to designate the Islamic Revolutionary Guard Corps (IRGC) as a Foreign Terrorist Organization is an action heavy on messaging with few practical advantages. The Treasury Department had already designated the IRGC as a terrorist group (as well as for proliferation and human rights violations), and Iran has long been on the list of state sponsors of terrorism. These already subjected the IRGC to powerful sanctions authorities, and those who support it to some criminal liability.

The Foreign Terrorist Organization listing adds only two substantive tools: first, additional immigration restrictions—which could be interpreted in extremely broad terms and apply not just to the IRGC but to anyone that engages with IRGC entities. And second, criminal liability for knowingly providing material support to the group, which includes extraterritorial reach.

Depending on how these new tools are implemented—and what guidance the White House gives border authorities and prosecutors—these could have significant effects, some positive, some not. It also adds yet another layer of sanctions threat, which could sharpen the costs of doing business with Iran more broadly given the extent to which the IRGC is embedded in the Iranian economy. This could prove particularly difficult for Iraq, which is dependent on Iranian energy and whose officials could now be exposed to sanctions and criminal liability.