

Client Alert

International Trade

21 January 2014

EU partially suspends Iran sanctions under nuclear deal

I. Introduction

On 20 January 2014, the Council of the European Union (EU) agreed to **temporarily suspend certain sanctions against Iran**, namely those relating to (re)insurance and transport services for Iranian crude oil, supply of petrochemical products, and trade in gold and precious metals. The Council also eased certain restrictions on financial transactions with Iran. These suspensions entered into force for a six-month period on **20 January 2014**. All other EU sanctions against Iran remain in place.

II. Background

As explained in [our previous alert](#), the **current EU sanctions regime** against Iran laid down in Council Regulation 267/2012¹ includes, for example, a broad oil and gas (O&G) embargo, restrictions with respect to the provision of key equipment for the O&G and petrochemical industries, and financial restrictions (such as authorisation/notification requirements for certain fund transfers).

In November 2013, the **E3+3** (i.e. France, Germany, the UK, Russia, China, and the United States) agreed with **Iran** on a **Joint Plan of Action** to address concerns about Iran's nuclear programme. As a first step (and while the parties attempt to negotiate a comprehensive solution), this Plan includes a series of renewable voluntary measures (including limitation of Iran's uranium enrichment to 5%) to apply for six months.

Accordingly, in the coming six months, the **EU has agreed to suspend some of its current Iran sanctions** (described below) and facilitate financial transfers for non-sanctioned trade, such as food and medicines. As part of the Plan, the EU has also promised **not to introduce any new nuclear-related sanctions**. At the same time, certain Iran sanctions will remain in place, and the EU's measures could be reversed if the International Atomic Energy Agency (IAEA) finds that Iran is not implementing its commitments under the Plan.

III. Suspended sanctions

The EU's measures under the Plan are outlined in **Council Decision 2014/21/CFSP**² and the related **Council Regulation**,³ which both entered into force on **20 January 2014**. The Iran sanctions measures that will be suspended by the EU in the coming six months are as follows:

- **Oil and petroleum products:** The EU is suspending Iran sanctions measures prohibiting **transport** of crude petroleum oils, and crude oils obtained from bituminous minerals (falling under **HS code 2709 00**) that originate in Iran, or are being exported from Iran to any other non-EU country. **(Re)insurance** related to the import, purchase or transport of Iranian crude oil classified under HS code 2709 00 will also be temporarily allowed. All other EU sanctions prohibiting import, purchase, transport and



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¹ The latest consolidated version of this Regulation can be found at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2012R0267:20130608:EN:PDF>.

² [Council Decision 2014/21/CFSP](#) of 20 January 2014 amending Council Decision 2010/413/CFSP concerning restrictive measures against Iran, [2014] OJ L 15/22.

³ [Council Regulation](#) of 20 January 2014 amending Regulation (EU) No 267/2012 concerning restrictive measures against Iran, [2014] OJ L 15/18.

financing in relation to Iranian oil or petroleum products will remain in place.⁴

- **Petrochemical products:** The EU is allowing **import, transport and purchase** of Iranian **petrochemical products**. Direct or indirect **financing** and financial assistance (including (re)insurance) for such transactions can also be provided. EU Member States can further **authorise the release of frozen funds** if they determine that such funds are necessary for the execution of contracts for import or purchase of petrochemical products.
- **Vessels for oil and petrochemical products:** The EU is allowing **provision of vessels** designed for transport or storage of **oil and petrochemical products** for use by Iranian parties or for Iranian products.
- **Gold and precious metals:** The EU is suspending Iran sanctions measures prohibiting direct or indirect **sale, supply, transfer, export, purchase, import or transport** of **gold and precious metals** (such as silver and platinum) to, from or on behalf of the Government of Iran. Related **technical assistance, brokering services, or financing** is now also allowed for these products. The EU's Iran sanctions relating to diamond supply remain in place. As do the sanctions on graphite and raw and semi-finished metals.
- **Iranian fund transfers:** The EU has increased the scope of exceptions to **Member State notification and authorisation requirements** for certain Iran-related **fund transfers**. For transfers involving **Iran-related institutions**, new limits apply:
 - For personal remittances, prior Member State authorisation is now only required when fund transfers have a value of **EUR 400,000 or more** (instead of EUR 40,000).
 - For fund transfers relating to foodstuffs, healthcare, medical equipment, agricultural or humanitarian purposes, prior Member State authorisation is required for a value of **EUR 1,000,000 or more** (instead of EUR 100,000).
 - Certain other fund transfers, such as those relating to a specific trade contract, require prior authorisation only if they have a value of **EUR 100,000 or more** (instead of EUR 10,000).

Fund transfers between EU banks and Iran-related credit and financial institutions and exchange offices remain as a general rule prohibited unless they fall within one of the (unchanged) exceptions set forth in Regulation 267/2012.

Fund transfers to or from Iranian parties that **do not involve Iran-related financial institutions** will now also generally only require prior Member State authorisation if they have a value of **EUR 400,000** or more (instead of EUR 40,000).

Finally, all Iran-related fund transfers of EUR 10,000 or more still require advance written Member State notification.

⁴ In other words, EU import, purchase and financing in relation to crude oil or petroleum products (including those classified under HS code 2709 00), as well as transport and (re)insurance of petroleum products classified under HS codes 2710, 2712, 2713, 2714 and 2715 00 00, remains prohibited under the EU's sanctions measures against Iran.