

IRAN SANCTIONS: UPDATE

Introduction

With effect from 20 January 2014, sanctions currently imposed on Iran by the US and the EU have been relaxed following negotiations in which Iran has committed to take various steps in relation to its nuclear/uranium capability. The lessened measures will have effect until 20 July 2014, by which time the negotiating parties hope to have negotiated a more permanent agreement. Despite the relaxation of certain sanctions, the majority of sanctions imposed upon Iran remain in place, and there have been no changes to the current UN sanctions.

Joint Plan

On 12 January 2014, the P5+1 (the United States, United Kingdom, Germany, France, Russia, and China, coordinated by EU High Representative Catherine Ashton) and Iran arrived at technical understandings for the Joint Plan of Action (JPOA), which was implemented with effect from 20 January 2014.

The Joint Plan involves a two-step approach: the first step and the final step.

Under the first step, which is time-bound to 6 months, in exchange for Iran taking various steps in relation to its nuclear/uranium capability, the P5+1 (referred to as the E3+3 in the Joint Plan) undertake the following:

- Pause efforts to further reduce Iran's crude oil sales and enable the repatriation of an agreed amount of revenue held abroad, and also suspend the EU and U.S. sanctions on associated insurance and transportation services in relation to such oil sales.
- Suspend U.S. and EU sanctions on (i) Iran's petrochemical exports, as well as sanctions on associated services and (ii) gold and precious metals, as well as sanctions on associated services.
- Suspend U.S. sanctions on Iran's auto industry, as well as sanctions on associated services.
- License the supply and installation in Iran of spare parts for safety of flight for Iranian civil aviation and associated services, along with safety related inspections and repairs in Iran as well as associated services.
- No new nuclear-related UN Security Council, US or EU sanctions.
- Establish a financial channel to facilitate humanitarian trade (those being transactions involving food and agricultural products, medicine, medical devices, and medical expenses incurred abroad) for Iran's domestic needs using Iranian oil revenues held abroad. This channel could also enable direct tuition payments to universities and colleges for Iranian students studying abroad for the six month period.
- Increase the EU authorisation thresholds for transactions for non-sanctioned trade to an agreed amount.

Despite these measures, the US continues to emphasise that the majority of sanctions remain in place and are enforced. On 29 April 2014, the United States added eight Chinese companies, a Dubai company and two Dubai-based executives to blacklists for evading American restrictions on Iranian weapons, oil and banking transactions.

In contrast, it has been reported that Russia and Iran are negotiating a US\$8-10 billion deal, under which Russia would export 500 megawatts of electricity to Iran and construct new thermal and hydroelectric generating plants and a transmission network.

Relief from European sanctions

On 20 January 2014, the EU adopted Council Decision 2014/21/CSFP and Council Regulation (EU) 42/2014 which provided for temporary suspension of the following restrictive measures:

- import ban on petrochemical products
- ban on provision of certain services (related to petrochemical products)
- prohibition on transport of Iranian crude oil
- ban on provision of certain services (related to Iranian crude oil)
- ban on trade in gold and precious metals with the Government of Iran
- ban on 'supply' of certain vessels to Iran
- temporary amendment of the restrictions on transfers of funds to and from Iran (increase of the thresholds)
- temporary exception to freezing of funds and economic resources.

The temporary suspension has effect until 20 July 2014.

Previous mailings

Our previous mailings on Iranian sanctions issues can be found [here](#), [here](#) and [here](#)

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