

# ENSURING BUSINESS CONTINUITY FOR IRANIAN-EUROPEAN PROJECTS UNDER CHANGING INTERNATIONAL SANCTIONS REGIMES

DEAR SEAFARERS

WELCOME TO ISLAMIC REPUBLIC OF IRAN

MEHRNOOSH ARYANPOUR

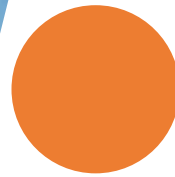
**GIDE**

GIDE LOYRETTE NOUËL



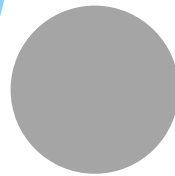
# KEY QUESTIONS FOR EUROPE

ENSURING BUSINESS CONTINUITY IN IRAN



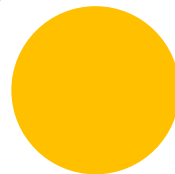
## FUTURE OF SANCTIONS

How may U.S. Sanctions resume?



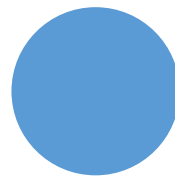
## SAFEGUARDING THE JCPOA

How to remain committed to the JCPOA?



## PRESERVING BUSINESS INTERESTS

How to continue business in Iran?

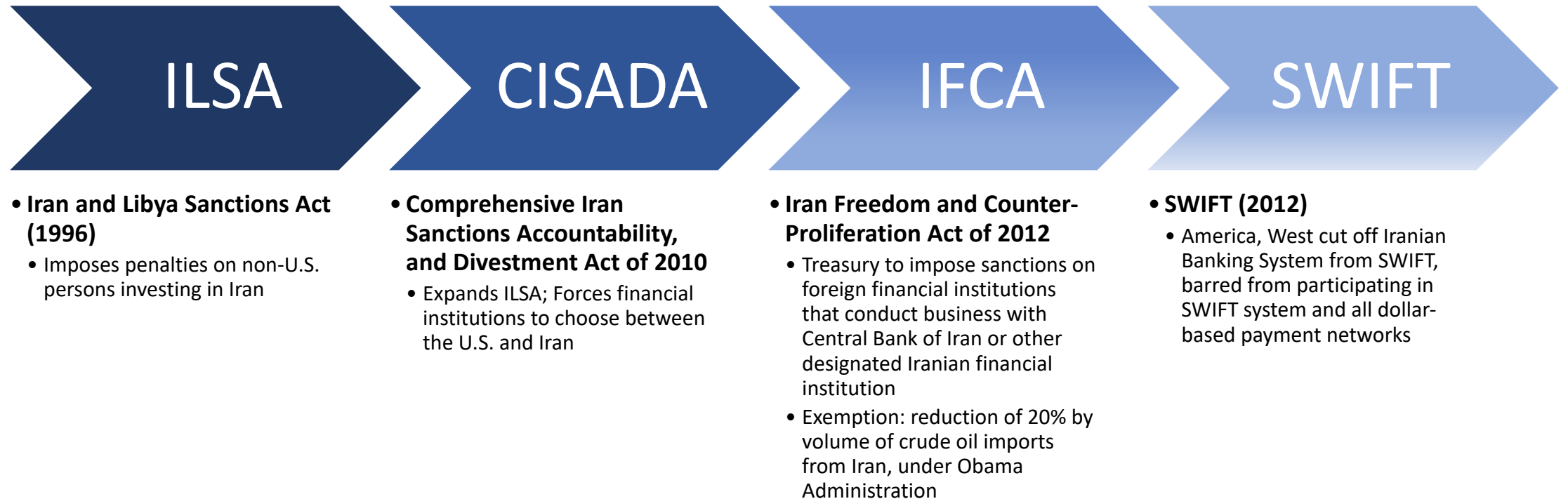


## PROJECTIONS

What factors must be weighed?

# BACKGROUND TO THE SANCTIONS SYSTEM

## UNILATERAL AND MULTILATERAL SANCTIONS



# RELIEF UNDER THE JCPOA

Post January 16, 2016 Landscape

## WHERE THINGS STAND

### UNITED STATES

- ✓ Executive Order ("EO") Waivers
- ❑ Offset by 2017 CAATSA Act
- ❑ No meaningful change vis-à-vis U.S. entities

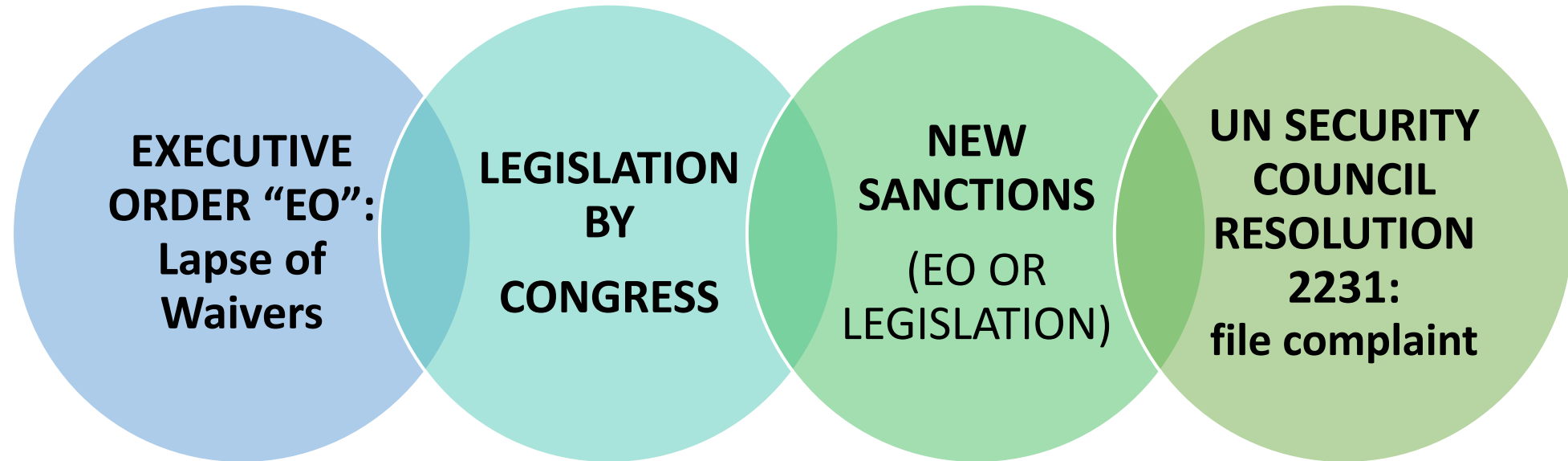
### EUROPE

- ✓ Waiving of all nuclear-related sanctions
- ✓ No sanctions re-imposed or reintroduced

### UNITED NATIONS

- ✓ Waiving of all nuclear-related sanctions

# HOW MAY SANCTIONS RESUME?







# “KEEP CALM AND CARRY ON”

HOW E3+2 CAN REMAIN COMMITTED TO THE JCPOA & ENGAGED IN BUSINESS

## COORDINATE WITH UN SECURITY COUNCIL MEMBERS

- Signal good faith & confidence to parties of JCPOA
- Propose alternatives to USD-denominated contracts, business

## RELY ON PRECEDENTS – U.S. EU DISPUTES

- **Helms Burton Act:** extended embargo to foreign companies trading with Cuba
- **European response:** remarkable consensus in opposition, Council Regulation (EC) No. 2271/96

## WTO PATH

- Pursue dispute under General Agreement on Tariff and Trade (GATT)
- Challenges: provision exempts parties’ obligations on national security concerns

## REVIVE EU “BLOCKING REGULATIONS”

- **RE: ILSA (1996):** blocking regs for recovery of damages from party causing damage
- Signals EU’s ambition to counter any U.S. laws that can be viewed as having extraterritorial application and/or political objectives

## CARVE OUT EXEMPTIONS FOR EUROPEAN BUSINESS

- Exemptions for secondary sanctions; e.g.: projects underway & major energy projects

# CASE STUDY: THE RUSSIAN MODEL

- OFAC designates entities as “off-limits” via EO 13611, 13662, 13582
- Countering Adversaries through Sanctions Act (CAATSA)
- General License (GL) 12, 13: Temporary relief, broad exemptions

## READING IN BETWEEN THE LINES

*“[permitting] all transactions and activities otherwise prohibited...that are ordinarily incident and necessary to the maintenance or wind down of operations, contracts, or other agreements...that were in effect prior to April 6, 2018”*

*“...even during wind down, any payment made directly or indirectly to the blocked entities listed in General License be deposited in a blocked account at a U.S. financial institution.”*

### **SIGNIFICANCE**

- Companies like Rusal instructed counterparties to stop making payments
- By contrast, deliveries of items contracted for sale / purchase prior to the cut-off are authorized.



# ALTERNATIVE SOURCES OF FINANCING

## CURRENT PROPOSALS

1. European Investment Bank (EIB) proposal
2. BPI France (formerly COFACE) direct treasury loans
3. Extend Euro-denominated credit lines to Iran







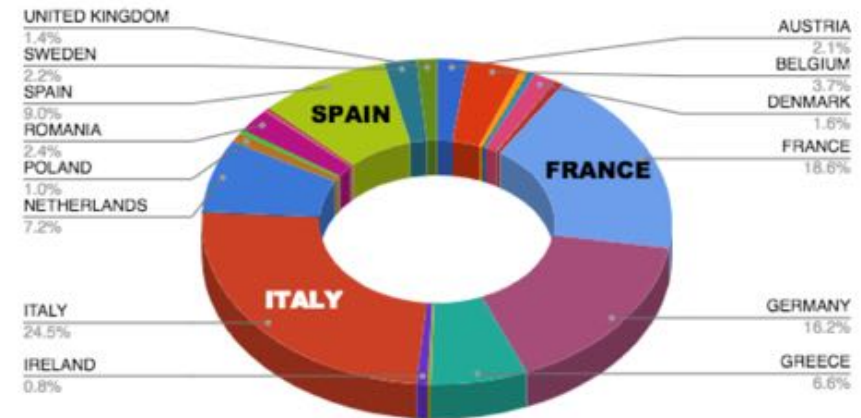
# CONCLUSION

ENSURING BUSINESS CONTINUITY IN IRAN

## IRREPLACEABLE TRADE PARTNERSHIPS

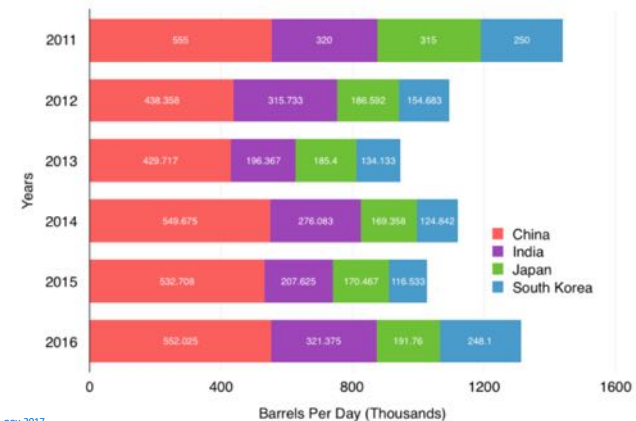
- ✓ Strong trade relations & 500,000 bpd to Europe;

Iran's European Trade Partners (Jan-Nov 2017)



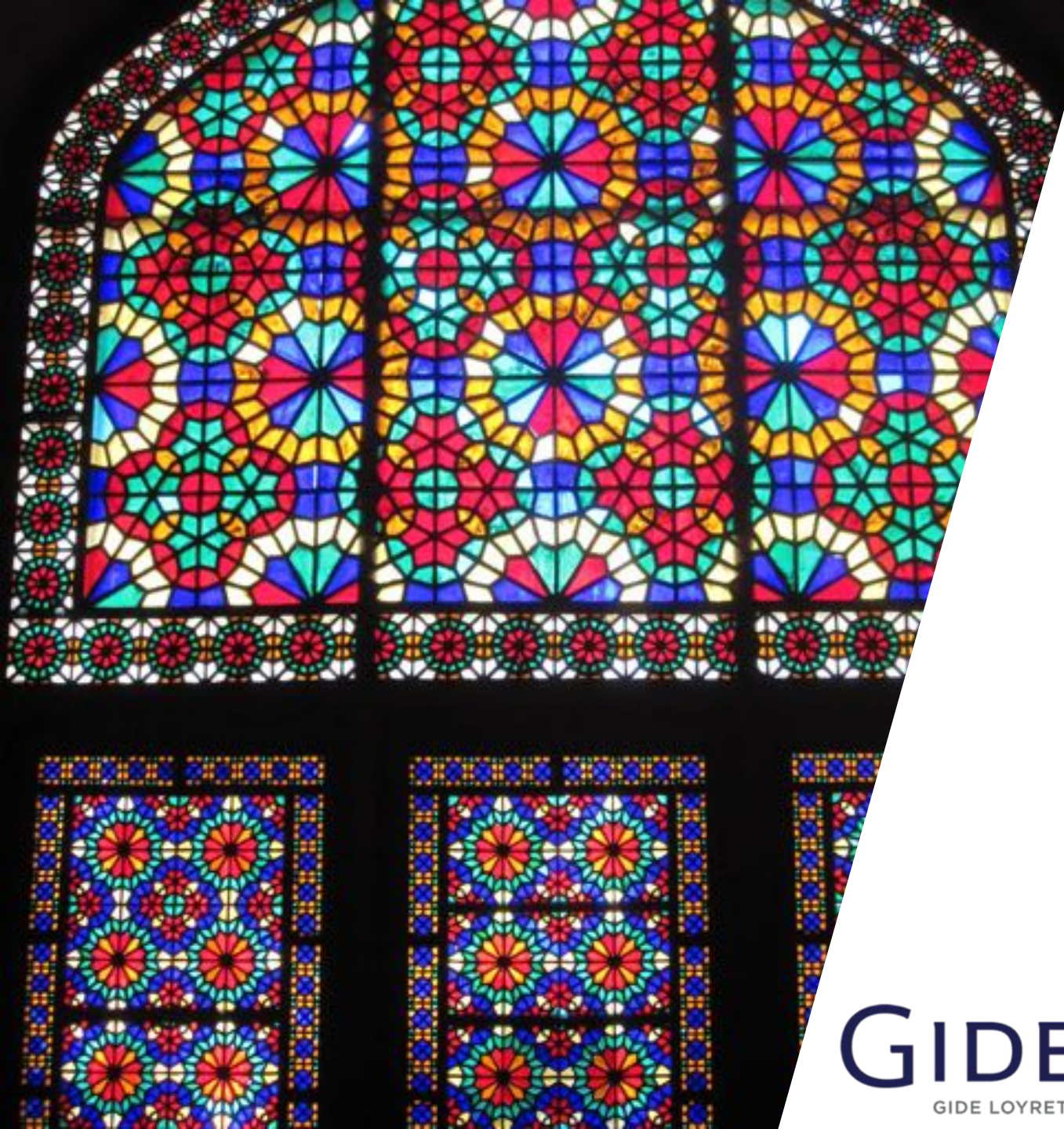
- ✓ Reliance by China and Asia on Iran

CRUDE OIL IMPORTS FROM IRAN FROM 2011- APRIL 2016



sources:  
<http://www.mei.edu/content/map/irans-big-asian-oil-customers-return>  
<https://financialtribune.com/articles/domestic-economy/80472/iran-eu-trade-tops-18b-italy-tops-list-of-partners-jan-nov-2017>





# CONCLUSION

ENSURING BUSINESS CONTINUITY IN IRAN

Thank you

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