

## The Impact Of EU's Sanctions Against Iran

*Law360, New York (July 18, 2012, 1:00 PM ET)* -- Not a drop of Iranian oil or petroleum can now be brought into the European Union legally. The European ban on imports from the world's third-largest oil exporter — which was agreed at the end of January to put pressure on Tehran, Iran, to suspend its nuclear program — came into effect on Sunday, July 1.

The ban extends the measures already applied to the petrochemical sector, and as a result, the EU will be foregoing access to around 600,000 barrels of Iranian crude per day.

The EU's ban has affected both the price of crude, which has fallen by 21 percent since March 2012 to just under \$90 per barrel, and Iranian exports, which have fallen by around 40 percent over the last six months.

### What Does This Mean for Your Business

Up until July 1, 2012, European companies had been able to take advantage of the exemptions provided under Article 12 of Council Regulation (EU) No 267/2012, which covered contracts concluded before Jan. 23, 2012, and executed by July 1.

These exemptions covered the importation, purchase, transportation and financing of crude oil or petroleum products originating in Iran or exported from Iran.

With the expiration of the exemption, all business activities relating to the Iranian oil and petroleum sector should now cease. The entry into force of the ban extends the measures targeting the Iranian oil and petroleum sector, which already included prohibitions on the sale, supply, transfer or export of key equipment and technology for the oil and gas industry.

The ban is extremely comprehensive and includes the execution of any ancillary contracts relating to Iranian oil and petroleum products, for example shipping and brokering or insurance contracts.

As well as the measures specifically targeting the importation of Iranian crude oil and petroleum products, the regulation also continues to apply the following key restrictions to European companies or persons doing business with Iran:

- Prohibitions on the sale, supply, transfer or export of dual-use goods and technology;
- An arms embargo and a prohibition on the supply of equipment that could be used for human rights abuses;
- Prohibitions on the provision of brokering services and technical and financial assistance related to any goods and technology whose supply is prohibited; prohibitions on investment in Iranian entities engaged in manufacturing those items;
- An asset-freeze against listed individuals and entities and a prohibition of making economic resources available to them, including by the supply of goods and services which may be used to obtain funds;
- Restrictions on transfers of funds to and from Iran, and restrictions on Iran's access to the insurance and bond markets;
- Restrictions on providing certain services on Iranian ships and cargo aircraft;
- Prohibitions on the sale, supply, transfer or export to Iran of equipment and technology which may be used for the monitoring or interception of internet or telephone communications;
- Prohibition on the sale, supply or transfer to Iran, or to Iranian or Iranian-owned enterprises outside Iran, of key equipment and technology for the petrochemical industry;
- Prohibitions on the import, purchase or transport from Iran of petrochemical products, and on the provision of services related to the import, etc;
- Prohibitions on the sale, supply, transfer or export to, and the purchase, import or transfer from Iran of gold, precious metals and diamonds;
- A prohibition on any new investment in the petrochemical sector in Iran or in Iranian or Iranian-owned enterprises engaged in that industry outside Iran;
- A prohibition on the sale, supply, transfer or export, directly or indirectly, of equipment which might be used for internal repression.

All companies who do business, either directly or indirectly, with Iran should seek legal counsel to ensure that you comply with the new measures.

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