

## Temporary Easing of Iranian Sanctions

UPDATE

19 February 2015

We last reported on the matter of temporary easing of sanctions in our newsletter of 17 January 2014.

On 24 November 2013 an interim agreement was reached between Iran and the five permanent members of the United Nations Security Council (the United States, Russia, China, Great Britain and France) and Germany (Known as the P5+1) over Iran's nuclear programme and easing of the sanctions previously imposed on Iran. The parties negotiated the technical details of the Joint Plan Action (JPA) for temporary suspension of sanctions. The EU Regulation sets out the scope of the sanction relief for easing of certain restrictive measures which can be found [here](#).

The temporary easing of sanctions came into effect from 20 January 2014, originally for a period of six months. This period has since been extended twice and will remain in place until 30 June 2015. The most recent EU Decision setting out the continuation of the sanction relief can be found [here](#).

For the purpose of this article and as far as shipping, insurance and reinsurance are concerned, US legislation (similar to EU and in line with the JPA) is also of particular importance.

The EU Regulation introduced the temporary suspension of the following restrictive measures:

- The prohibition on the provision of insurance and reinsurance and transport for Iranian crude oil, i.e. crude oil of Iranian origin or imported from Iran. However, there are certain qualifications. The relief has been

provided only in respect of the quota and purchase only by China, India, Japan, Republic of Korea, Taiwan and Turkey.

- The prohibition on the import, purchase or transport of Iranian petrochemical products and on the provision of related services.

- The prohibition on trade in gold and precious metals with the Government of Iran, its public bodies and the Central Bank of Iran, or persons and entities acting on their behalf.

- The increase by tenfold of the authorisation thresholds for transfer of funds to and from Iran.

However, the prohibitions under article 11(1)(a) and (b) of the Regulation 267/2012 still remain in force and therefore banning into the EU the purchase or importation of crude oil or petroleum products which originated or located in Iran or have been exported from Iran.

There are a number of issues which should be considered or awaited:

1. The proposed easing of sanctions and the agreement provide for temporary measures; these are to expire on 30 June 2015 unless the parties agree to a further extension of the deadline or reach a permanent agreement.
2. As far as insurance is concerned, prior consultation with your insurance brokers is recommended in relation to insurance cover arrangements before entering into any contracts within the scope of the sanctions easing.

3. Shipowners and ship operators are advised by the P&I Clubs to ensure that any contracts entered into within the scope of the sanctions suspensions is fully executed and any related transactions is completed by 30 June 2015 to ensure cover is in place. Even within the suspension period, the P&I Club's abilities to assist their Members with any claims queries such as the provision of P&I Club's LOU are severely restricted.
4. There are currently practical limitations on the provision of insurance cover as it remains prohibited for EU regulated, incorporated or domiciled insurers to extend cover or pay claims after 30 June 2015.
5. Transactions with US and/or EU designated persons or entities remains prohibited under the US and EU Regulations. For the full list of the designated persons or entities please visit OFAC's website [here](#) or HMT's website [here](#).
6. Overall, the market sees the temporary suspension of sanctions as having only limited effects and awaits for permanent resolution to be reached between Iran and the P5+1.
7. There have been a series of very important negotiations between Iran and P5+1 in the past few weeks. There seems to be some progress in the negotiations as the Parties intend to meet the deadline of 31 March 2015 for reaching a "political framework". There are reports which suggest that the Parties have managed to narrow the differences for the first time.

It now seems that the Parties have reached a crucial stage in the negotiations

and therefore a comprehensive deal may be within reach by the end of June 2015. We will continue to update you once there has been further developments.

#### Further information

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