

Alert 12-020



Iran and Syria - Sanctions Update

The latest sanctions against Iran have been much publicized and are set against a backdrop of Iranian officials threatening to escalate the situation further by blocking the Strait of Hormuz.

This alert focuses on the key developments and also provides an update on the sanctions against Syria.

Iran – EU Sanctions

Council Decision 2012/35/CFSP was adopted on 23 January 2012. It makes numerous amendments to Council Decision 2010/413/CFSP, including the insertion of Articles 3a and 3b, which read:

Article 3a

1. The import, purchase or transport of Iranian crude oil and petroleum products shall be prohibited.

The Union shall take the necessary measures in order to determine the relevant items to be covered by this provision.

2. It shall be prohibited to provide, directly or indirectly, financing or financial assistance, including financial derivatives, as well as insurance and reinsurance, related to the import, purchase, or transport of Iranian crude oil and petroleum products.

Article 3b

1. The import, purchase or transport of Iranian petrochemical products shall be prohibited.

The Union shall take the necessary measures in order to determine the relevant items to be covered by this provision.

2. It shall be prohibited to provide, directly or indirectly, financing or financial assistance, as well as insurance and reinsurance, related to the import, purchase, or transport of Iranian petrochemical products.

Significantly, the prohibitions set out above are stated to be without prejudice to the execution, until 1 July 2012 for crude oil and petroleum products and 1 May 2012 for petrochemical products, of contracts concluded before 23 January 2012, or ancillary contracts necessary for the execution of such contracts, to be concluded and executed not later than 1 July 2012 and 1 May 2012 respectively (Articles 3c(1) and 3d(1)).

Amongst other significant measures, the Decision provides for the sale, supply or transfer of key equipment and technology for the petrochemical industry in Iran (or Iranian-owned enterprises engaged in that industry outside Iran) to be prohibited.

Council Decisions are only immediately effective against those to whom they are addressed, i.e., the governments of the 27 Member States. In order to have legal effect on companies

and individuals, an implementing Regulation is needed and this will follow. The Regulation will set out the required detail, such as the petroleum products covered by the prohibition in Article 3(a).

Also published today was Regulation (EU) No 54/2012, which adds further individuals and entities to the list of "designated persons," including the Central Bank of Iran and Bank Tejarat (also now U.S.-listed). The designation of Tidewater (aka Tidewater Middle East Co) is also significant as sanctions previously imposed by the U.S. against Tidewater indicated that it was the operator of a number of Iranian ports.

Attached is our updated table of sanctions targets.

Iran – U.S. Sanctions

On New Year's Eve, the U.S. adopted strict new sanctions against Iran's banking sector and central bank, in the National Defense Authorization Act of 2012. These new measures, which raise the possibility of reprisals against third-country entities that deal with Iran's banks on petroleum and other transactions, are discussed in more detail in Reed Smith's new blog, [Ship Law Log](#).

In addition, the U.S. Senate continues to consider various additional measures that would impact shipping, including stricter sanctions on Iran's petroleum industry, and the adoption of a "180-day rule" which would bar vessels from the U.S. for 180 days after calling Iran, North Korea or Syria. These measures already have cleared the U.S. House of Representatives with strong support, making it increasingly likely that they will be enacted into law in the coming weeks or months.

Also separately under Senate consideration is a provision in the Coast Guard Authorization Act of 2012 to bar classification societies from operating in the U.S. if they provide similar services in terrorism-sponsoring states such as Cuba, Iran, and Syria.

Syria – EU Sanctions

On 18 January 2012, the Council of the European Union published Council Regulation (EU) No 36/2012. Regulation 36/2012 repeals Council Regulation (EU) No 442/2011, which had previously been the primary source of EU sanctions against Syria. The provisions of Regulation 442/2011 had been amended and extended several times, and the decision was taken to consolidate all previous measures into a new regulation. The result is Regulation 36/2012. As well as incorporating measures which had already been enacted, it extends those measures yet further, following Council Decision 2011/782/CFSP of 1 December 2011.

Prohibitions set out in previous regulations remain in force by virtue of Regulation 36/2012, including the sale, supply, transfer and export of listed goods, and the provision of financial assistance and brokering services in relation to such goods, and the prohibition of the purchase, import or transportation of crude oil and petroleum products from Syria.

The new measures introduced by Regulation 36/2012 take the form of a prohibition on the export of telecommunications monitoring equipment, a prohibition on participation in certain infrastructure projects and investment in such projects, and additional restrictions on the transfer of funds and the provision of financial services.

Regulation 36/2012 also prohibits the provision of insurance and reinsurance to the Syrian State, its government, its public bodies, corporations or agencies, or to any person or entity acting on behalf or at the direction of any such organisation. Regulation 36/2012 also prohibits the sale, supply, transfer or export of equipment or technology to certain sectors of the oil and gas industry in Syria (namely refining, liquefied natural gas, exploration and production). Providing financial or technical assistance, as well as brokering services, is also prohibited in relation to such items.

There have also been further additions to the list of Syrian designated persons as set out in our sanctions table.

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[Sanctions Regimes](#)

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