

Update

New EU Regulations against Iran & Syria

The European Council has today announced that the European Union is to increase restrictive measures against Iran and Syria as a result of “serious and deepening concerns over Iran’s nuclear programme” and the “continued brutal repression and widespread violation of human rights by the Syrian government”. The decisions will be published in the Official Journal on 16 October 2012 and the implementing regulations are expected imminently. The decisions can be summarised as follows:

Iran

The additional measures against Iran represent both a tightening of existing sanctions and the introduction of new prohibitions affecting the financial, shipping and commodities sectors.

The export restrictions, together with the prohibition of the provision of related technical or financial assistance have been extended to further materials which are considered relative to the Iranian nuclear and ballistic programmes, including graphite, raw or semi-finished metals, such as steel and aluminium and software for integrating industrial processes. The existing export bans on key equipment for Iranian oil, gas and petrochemical industries has also been extended.

Natural gas is the subject of a new import restriction which extends to the import, purchase and transport of gas, as well as finance and insurance related to these activities.

Further restrictions have been introduced on the use of vessels in terms of transporting Iranian petrochemical/oil products and ship building. Specifically, vessels belonging to EU entities can no longer be used for transporting or storing Iranian oil and petrochemical products. Broad new prohibitions have been introduced on the involvement of EU industries in the construction of new oil tankers for Iran and against the supply of key naval equipment and technology for ship building and maintenance to Iran. In a further constriction of the Iranian shipping industry, the Council has also banned flagging and classifications services for Iranian oil tankers and cargo vessels.

No specific terms of the restrictive measures have yet been published. We expect these details to be in the implementing legislation which is likely to be published imminently.

In the financial sector, all transactions between European and Iranian banks are prohibited unless they are expressly authorised by the relevant authorities in advance. The specific measures against the Central Bank of Iran will also be strengthened, although no details are currently available. In a clear indication of the intention to stop supporting trade with Iran there is a prohibition on short term export credits, guarantees and insurance, strengthening the existing prohibitions on long and medium term investment.

There have also been further 34 designations of entities subject to an asset freeze and travel ban predominantly in the oil and gas industries and financial sector. The identity of these entities will be published tomorrow in the Official Journal.

Syria

The prohibitions in respect of arms have been strengthened. The new restrictive measures prohibit the import into the EU of arms from Syria or any EU involvement in the transport of Syrian arms. The ban extends to the supply of financial services, including insurance and re-insurance to Syrian arms exports. In a significant increase to the restrictive measures a prohibition is to be introduced against any EU individual or entity being involved in Syrian military cooperation with third countries, which could benefit the regime.

In addition, the existing ban on Syrian cargo flights has been strengthened by a ban on all flights operated by Syrian Arab Airlines accessing EU airports.

A further 28 people and 2 entities have been added to the list of designated persons subject to an asset freeze and travel ban which takes the total number of targeted persons and entities to 181 individuals and 54 entities.

Further information

If you would like further information on any issue raised in this update please get in touch with any of the key contacts listed on our sanctions microsite, sanctions.clydeco.com

Clyde & Co LLP
The St Botolph Building
138 Houndsditch
London EC3A 7AR

T: +44 (0)20 7876 5000

F: +44 (0)20 7876 5111

Further advice should be taken before relying on the contents of this summary.

Clyde & Co LLP accepts no responsibility for loss occasioned to any person acting or refraining from acting as a result of material contained in this summary.

No part of this summary may be used, reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, reading or otherwise without the prior permission of Clyde & Co LLP.

Clyde & Co LLP is a limited liability partnership registered in England and Wales. Authorised and regulated by the Solicitors Regulation Authority.

© Clyde & Co LLP 2012