Alert

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Maritime Alert

News Concerning Recent Maritime or Transportation Issues

COZEN O'CONNOR

P5+1 Reach Initial Agreement with Iran on Nuclear Program

On November 24, the group of nations known as the P5+1 (United States, U.K., Germany, France, Russia and China) reached an initial understanding with Iran whereby Iran has agreed to accept limits on its nuclear program in exchange for what a White House Fact Sheet describes as "limited, temporary, targeted and reversible relief" from economic sanctions.

Specifically the P5+1 has committed to:

- Not impose new nuclear-related sanctions for six months, if Iran abides by its commitments under this deal, to the extent permissible within their political systems.
- Suspend certain sanctions on gold and precious metals, Iran's auto sector, and Iran's petrochemical exports, potentially providing Iran approximately $1.5 billion in revenue.
- License safety-related repairs and inspections inside Iran for certain Iranian airlines.
- Allow purchases of Iranian oil to remain at their currently significantly reduced levels. $4.2 billion from these sales will be allowed to be transferred in installments if Iran fulfills its commitments.
- Allow $400 million in governmental tuition assistance to be transferred from restricted Iranian funds directly to recognized educational institutions in third countries to defray the tuition costs of Iranian students.

The initial agreement is intended to last six months, during which time the parties will seek to negotiate a comprehensive agreement. Should Iran renege on its agreement to suspend its nuclear program or the parties fail to reach a more comprehensive deal, the limited sanctions relief may be immediately revoked and it is likely that additional sanctions would then be imposed.

The ultimate impact on entities engaged in international trade remains uncertain. As the White House Fact Sheet makes clear, much depends on what is permissible within the P5+1 political systems. Of note, many in the U.S. Congress remain skeptical of Iran's intentions and members of both parties are expressing concerns that the Iranian concessions are not sufficient to warrant sanctions relief. **Thus, it is unclear whether the deal will be at all acceptable to U.S. lawmakers.**

Additionally, details of sanctions relief relating to gold, precious metals, Iran's auto and airline sectors, and Iran's petrochemical exports have yet to be finalized and published. Thus, it is uncertain to what extent any such relief will meaningfully impact trade with Iran. At present, the entire array of U.S. sanctions against Iran remains in place. Accordingly, we would caution our clients to maintain their existing compliance efforts until the situation clarifies.

We will publish further guidance as more details become available.

Should you have any questions regarding U.S. sanctions against Iran or any other U.S. sanctions program, please do not hesitate to contact a member of Cozen O'Connor's Transportation & Logistics Department.

Donald J. Kassilke

Member

dkassilke@cozen.com
Phone: (202) 463-2506
Fax: (202) 912-4830

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