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**JCPOA**  
**France, Germany and the United Kingdom launched Special**  
**Payment Vehicle INSTEX to support trade opportunities**  
**with Iran**

Reminder: the United States announced on May 8, 2018 their withdrawal from the « Joint Comprehensive Plan of Action » (« JCPOA ») regarding Iran and, consequently, began a process to re-impose certain sanctions on Iran that have extraterritorial effect.

Effective 4 November 2018, the wind-down periods have fully expired, the US government reinstated US sanctions targeting Iran, and namely secondary sanctions affecting non US persons.

In response, the EU adopted a delegated act on June 6, 2018 to amend its Blocking Regulation to prohibit EU nationals from complying with US sanctions, once fully re-imposed.

Moreover, the EU Commission expressed its commitment to the JCPOA and intention to adopt measures to facilitate trade with Iran. The Commission has announced that a possible solution would be to empower the European Investment Bank (EIB) to providing financing for EU companies to support continued investments in Iran. Thus, by a delegated act, the Commission amended Annex III to decision no 466/2014/EU by placing Iran on the list of countries eligible for EIB financing operations covered by the Union's guarantee.

In this context, the Foreign Ministers of France, Germany and the United Kingdom (so-called "E3") announced in a [joint statement](#) the creation of INSTEX SAS (*Instrument for Supporting Trade Exchanges*), a Special Purpose Vehicle aimed at facilitating legitimate trade between European economic operators and Iran, in order to support the JCPOA after the withdrawal of the United States.

According to the preliminary information, INSTEX would operate as a sort of Euro-denominated clearing house for Iran to conduct trade with European companies, acting outside the global financial system – strongly connected to the US financial system – in order to protect European companies from US sanctions enforcement.

INSTEX is financed and managed by the E3, and backed by the EU Commission. Its main missions include:

- INSTEX will support European trade with Iran, focusing initially on the sectors most essential to the Iranian population – such as pharmaceutical, medical devices and agri-food goods.
- INSTEX aims in the long term to be open to economic operators from third countries who wish to trade with Iran.
- The E3 together with INSTEX will continue to work on concrete and operational details to define the way the company will operate.
- The E3 will also work with Iran to create a corresponding local entity that is required to be able to operationalise INSTEX.
- Finally, INSTEX will function under international standards with regards to anti-money laundering, combating the financing of terrorism (AML/CFT) and EU and UN sanctions compliance.

INSTEX is not yet operative, but it is already a strong political message to small and medium-sized companies – for now namely involved in humanitarian action – which could be impacted by the reinstated US sanctions. The issue remains, however, for EU multinational companies with significant US business as the risk of infringement is higher, especially when dealing with global financial institutions.

DS Customs & Trade Team is following closely these new developments, in close relation with DS Compliance offer and will be pleased to share its compliance skills and specially dedicated offer to companies wishing to anticipate the consequences of US sanctions against Iran.

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