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Industrial Conversations Series on Navigating Iran Sanctions: How Industrials Can Do Business With Iran

Differences Between the US and EU

Welcome to Shearman and Sterling's Industrials Conversations Series. Today we're going to be discussing navigating Iran sanctions and how industrials can do business with Iran. I'm [Lisa Jacobs](#) and I'm joined by my colleague [Philip Urofsky](#).

Philip, what are the similarities and differences between the US and the EU with respect to actually delivering manufactured goods into Iran?

Last year, the EU and the US entered into a new agreement with Iran. The EU lifted their sanctions, for the most part. There are still munitions and arms restrictions, but the economic sanctions now allow European companies and European banks to do business with Iran. The US agreed only to lift the secondary sanctions, those sanctions that were intended to influence and prevent European and other non-US companies from doing business with Iran. The primary sanctions—the ones that say “you US person or you US bank, you US company cannot do business with Iran” are still largely in place with a very few exceptions, such as commercial aircraft and strangely enough the importation of Persian carpets and pistachios.

[Laughing] There you go, well that makes a lot of sense. So companies like Boeing are in a different position than the rest of industrial companies.

Companies like Boeing are in a different position. The joint plan that was agreed to between the EU, the US and Iran specifically called for what they called a “favorable licensing regime” for the sale of commercial aircraft, and the reason for this was for many, many years, Iran had not able to buy airplanes. I mean there were efforts and they managed to evade this in various ways by buying and leasing from companies/airlines that weren't under strict scrutiny. But, essentially, our understanding is right now they have something like 250 aircraft, of which 90-100 are grounded for lack of parts or because they were scavenged for spare parts. They've had accidents and basically there is a great concern that the existing fleet is just completely unsafe.

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