

EU to pursue deal with Iran following US withdrawal from JCPOA

US withdrawal from the JCPOA

Yesterday (8 May 2018), the United States ('US') President announced that the US will cease its participation in the Joint Comprehensive Plan of Action ('JCPOA') which entered into force on January 16, 2016 (see here our related [news brief](#)).

In conjunction with its withdrawal, the US intends to re-impose all of the US sanctions against Iran lifted or waived following the JCPOA. The issued *National Security Presidential Memorandum* ('NSPM') by the US President instructs for a re-imposition of the US sanctions in either 90 or 180 days from the issue date of the NSPM (8 May 2018). As a result, (legal) persons engaging in activities targeted by [US sanctions against Iran](#), have until 6 August 2018 or until 4 November 2018 to cease these activities. Further input regarding the consequences of the withdrawal and re-imposition of US sanctions can be found [here](#).

EU's commitment to the JCPOA

As the US stops with participating in the JCPOA, it begs the question where the EU stands and what this means for EU businesses (notably the EU subsidiaries of US headquarter companies) as the JCPOA is a multilateral agreement decided between Iran and the E3/EU+3 (China, France, Germany, the Russian Federation, the United Kingdom and the US, with the High Representative of the EU for Foreign Affairs and Security Policy).

Following a [statement](#) from the High Representative Federica Mogherini (EU) and a [joint statement](#) from Prime Minister Theresa May (UK), Chancellor Angela Merkel (Germany) and President Emmanuel Macron (France), it follows that the EU

aims to pursue and remain party to the JCPOA by emphasizing:

- the JCPOA is not a bilateral agreement and a single country (party) cannot terminate it unilaterally;
- the JCPOA was unanimously [endorsed](#) by the UN Security Council in resolution 2231;
- EU, France, Germany and the UK remains committed to the full implementation of the resolution 2231 as should the rest of the initial JCPOA parties and international community;
- as long as Iran keeps in compliance with the JCPOA, it will continue to receive the sanctions relief it is entitled to under JCPOA;
- the EU is determined to act in accordance with its security interests and to protect its economic investments; and
- the US is urged to avoid taking any action which may obstruct the full implementation of the JCPOA.

In summary, the EU is politically and judicially determined to uphold and further [effectively implement the JCPOA](#) whilst protecting the interests of the EU economy and businesses.

Consequences for EU businesses

EU's firm commitment to the JCPOA entails that the current EU sanctions legislation against Iran remains in place and must be taken into account by EU (legal) persons performing Iran related activities.

EU businesses (and more specific the EU subsidiaries of US headquarter companies), however, may see themselves confronted with different sanction regimes, i.e. on one side, the re-

imposed US sanctions against Iran having extraterritorial reach in the EU, and, on the other side, the remaining EU sanction regime against Iran, imposing conflicting (compliance) obligations and requirements. In that regard, EU businesses dealing with Iran are recommended to take a prudent and risk-based approach in view of carrying out their due diligence and compliance measures and, where necessary, seek legal advice in case of any doubts about their exposure to compliance or reputational risks.

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