



## Update on Iran

Since 4 November 2018, the second batch of sanctions of the United States (US) that target the Iranian regime have been re-imposed. At the embassy, we understand that you may have questions about what this means for your business. In this message, we will inform you about the present Dutch position on trade and investment with Iran, and what the Dutch government and the EU are doing to stand by Dutch companies in their legitimate business.

### What is the position of the Dutch government on trade with Iran?

The EU and the Dutch government have reconfirmed their support for the nuclear deal. As long as Iran keeps up its end of the agreement, the EU Member States encourage business with Iran. An important feature of this policy is that the Dutch government believes that the Iranian people should reap the economic benefits from the arrangement.

The response of the Dutch cabinet to the re-installment of the American sanctions can be found in [this letter to parliament](#) (in Dutch) of 2 November 2018. The Dutch government still supports trade and investment, and trade promotion instruments remain available for Iran (find an overview of these instruments on [this RVO webpage](#)). Moreover, the Netherlands remain in government-to-government dialogue with Iranian counterparts on economic matters, such as a tax treaty to avoid double taxation. Dutch banks, however, are reluctant to facilitate legitimate trade with Iran. In a free market economy, banks and businesses make their own commercial decisions.

### What is the EU doing to protect your business with Iran?

To keep business going and to protect European companies while doing so, the EU is working on a number of instruments:

- **The EU-Blocking Statute:** Entered into force on 7 August 2018. The main purpose is to limit the extraterritorial effects of US sanctions in the EU. The blocking statute prohibits compliance with US sanctions on Iran and provides a legal basis for EU companies to seek recovery from damages arising from US sanctions in court. As it stands now however, companies should be aware that this instrument does not provide immunity from the extraterritoriality of the US sanctions. Q&A's can be found on [this website](#).
- **The Special Purpose Vehicle:** The EU is currently developing a mechanism that enables EU operators to do transactions with Iran. As soon as the EU member states agree on the exact structure and governance of the SPV, the first stage of this mechanism can function as a barter trade facility. A longer-term goal is to establish a new bank that is able to facilitate transactions to and from Iran. However, this is still subject to discussions.
- **Financial support for sustainable development:** The EU has allocated 50 million euro for Iranian - European projects to demonstrate its commitment to the nuclear deal. A first tranche of 18 million euro is available for, among others, private sector development, water, agriculture projects, medical services and environmental protection cooperation. The International Trade Center (ITC) will manage the budget and publish a call for proposals. EU legal persons can apply for project financing. More information can be found [here](#). If your company is interested in participating in a project within one of these programs, please notify the embassy (contact details below) so we can alert you when 'open calls' are published.

### Which products are exempted from US Sanctions?

On the website of the US Treasury Department a [press release](#) states that: "OFAC continues to maintain humanitarian authorizations and exceptions to the Iran sanctions that allow for the sale of agricultural commodities, food, medicine, and medical devices to Iran, because they aim to target the Iranian regime, not the Iranian people." If your product falls outside these categories, you can still make your case with OFAC. The Netherlands embassy, however, cannot give an indication of how successful an application for a waiver will be.

OFAC states that “it will continue to work with businesses and financial institutions to ensure that they understand U.S. sanctions and exemption rules.” Exporters and financial institutions seeking additional guidance can contact [OFAC's Compliance Division](#).

If you need certainty about your specific case, we recommend that you seek professional legal advice. As with all dealings with Iran, we urge companies to exercise thorough due diligence to ensure that they are well informed about the identity of the parties within the transaction, and to prevent fraud and other risks. The research results on compliance matters can then also be used to deliver to your bank or other institutions that may require such information.

### **What other opportunities and challenges are there in trading with Iran?**

For entrepreneurs who have the patience and are willing to invest in long-term relationships, Iran offers a very interesting market. With its 80 million consumers, a young and highly educated population, abundant natural resources, and a hunger for technologies, there is still large potential for Dutch products, services and expertise. But beside the opportunities, significant hurdles remain. As well as the before-mentioned banking and financial challenges, you might encounter a range of other trade and investment barriers, often related to heavy government involvement in the economy. The embassy can provide you with factsheets and advice about trade and investment in Iran. Up to date versions of the factsheets can be requested at [teh-ea@minbuza.nl](mailto:teh-ea@minbuza.nl). Factsheets are available (in English) about the following topics:

- Due Diligence & Compliance
- Establishing and Registering a Company in Iran
- Foreign Exchange Developments
- Free Zones
- Higher Education & Research
- Agriculture Education
- Import Regulations
- Intellectual Property
- Applying for Work Permits
- Renewable Energy

If you have the intention to do business in Iran and you would like to discuss the latest developments that might affect your business, please do not hesitate to send an email with your questions to [teh-ea@minbuza.nl](mailto:teh-ea@minbuza.nl). For specific questions in the agricultural sphere: [teh-lnv@minbuza.nl](mailto:teh-lnv@minbuza.nl) (in English), or make an appointment with one of the economic counsellors at the embassy (also possible in Dutch).