

KEY DEVELOPMENTS IN IRAN, JANUARY 2017

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Legal Briefings

This update aims to provide a brief overview of key developments which have occurred in Iran during the past month and to highlight areas of future interest. In particular, the update covers notable developments in both the political arena and key economic sectors.

POLITICAL DEVELOPMENTS

Obama extends non-nuclear sanctions for one year

According to reports, in an executive order on 13 January 2017, President Obama renewed the non-nuclear sanctions against Iran which were due to expire on 15 March 2017. President Obama is quoted as saying that although Iran "continues to meet its nuclear commitments", some of its other activities are "contrary to the interests of the United States in the region and continue to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States."

Death of former President could impact reformist movement in Iran

According to reports, Hashemi Rafsanjani, who served as President of Iran from 1989 to 1997, died at the beginning of the month. Rafsanjani was reportedly a key ally and supporter of the current Iranian President, Hassan Rouhani. There has been speculation among political commentators as to the potential impact that the death of Rafsanjani may have on Iran's political scene. Some reports suggest that his death could mobilise Iran's pro-Rouhani moderates and reformists, whilst others suggest that it could in fact strengthen the country's conservative religious establishment.

DEVELOPMENTS IN KEY ECONOMIC SECTORS

OIL

Iran approves 29 companies to bid for oil and gas projects

Earlier this month, Iran published a list of 29 companies which will be allowed to bid for oil and gas projects in the country. According to reports, the list consists of companies from Europe and Asia such as Shell, Total, Gazprom, China National Petroleum Corporation, Mitsubishi Corporation and Petronas. Those listed will be able to bid for projects using the new Iran Petroleum Contract.

Iran and Vitol sign US\$1 billion oil deal

The National Iranian Oil Company has reportedly secured a deal to receive a loan worth US\$1 billion from Vitol, one of the world's largest oil traders. According to reports, the loan will be guaranteed by future exports of refined products from Iran. Reports also indicate that the contract, which was signed in October 2016, is the first major contract signed between Iran and a trading house since the lifting of sanctions against Iran in January 2016.

Iran sold US\$29 billion of oil in nine months

According to reports, Iran's crude oil revenue reached US\$29 billion in the period from March to December 2016. This reportedly exceeds the \$25 billion Iran earned from the sale of crude oil in the previous fiscal year.

Sri Lanka interested in Iranian oil

In a meeting with Iran's foreign minister in Tehran, Sri Lanka's Minister of Science, Technology and Research, Susil Premajayantha, reportedly stated that Sri Lanka is interested in purchasing crude oil and oil products from Iran. Prior to the sanctions, it is reported that almost all of the oil that was imported into Sri Lanka was purchased from Iran. Premajayantha also reportedly expressed hope that energy relations between the two countries will expand.

BANKING

Iran attracts US\$7.2 billion in finance from three foreign banks

The Central Bank of Iran (CBI) has reportedly been able to attract US\$7.2 billion in finance from three foreign banks: Export-Import (Exim) Bank of China, Italy's Mediobanca and Denmark's Danske Bank. According to reports, the CBI is aiming to attract a total of US\$10 billion of foreign finance for a project relating to its "resistance economy" (i.e. Iran's economic strategy for responding to the effects of foreign sanctions).

OTHER

First Western plane purchased by IranAir since sanctions lifted lands in Iran

According to reports, the plane, reported to be an Airbus A321 airliner, is the first to arrive in Iran out of 200 Western-built aircraft that have been ordered by IranAir.

Iran hopes to boost trade relations with Albania and Iraq

During a visit to Tehran, Albanian Foreign Minister, Ditmir Bushati, reportedly stated that Albania was ready to increase the volume of trade exchanges it has with Iran. President Rouhani, in a meeting with Bushati also stated that Iran was interested in cooperating with Albania. Separately, in a meeting in Baghdad between Alaeddin Boroujerdi, the Chairman of the Iranian Parliament's National Security and Foreign Policy Commission and Ibrahim al-Jafari, the Iraqi Foreign Minister, the parties also called for a boost in Iran and Iraq's economic and trade cooperation.

If you would like further information regarding Herbert Smith Freehills' Iran practice, please visit our [Iran Group page](#) or contact [Joanna Addison](#).

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