



KEY DEVELOPMENTS IN IRAN, JANUARY 2018

Iran Group

Legal Briefings - By **William Breeze and Reza Dadbakhsh**

This update provides an overview of key developments which have occurred in Iran during the past month and highlights areas of future interest. In particular, the update covers notable developments in the political arena and key economic sectors.

1. POLITICAL DEVELOPMENTS

- **New US sanctions** - the US's Office of Foreign Assets Control (OFAC) designated 14 individuals and entities in connection with human rights abuses and censorship in Iran.
- **The US extends sanctions relief** - US President Donald Trump has extended sanctions relief under the Joint Comprehensive Plan of Action (JCPOA) for Iran for a further 120 days. In a statement, the President stated that "despite [my] strong inclination, I have not yet withdrawn the United States from the Iran nuclear deal. Instead, I have outlined two possible paths forward: either fix the deal's disastrous flaws, or the United States will withdraw". The EU has said in a statement that it has taken note of President Trump's decision and will assess its implications.
- **Germany wishes to agree new sanctions** - Germany has been lobbying among some of its European allies to agree new sanctions against Iran in an attempt to prevent US President Donald Trump from terminating the JCPOA. Iran's Foreign Minister has stated that the JCPOA is "not renegotiable"
- **Protests in several Iranian cities** - various protests took place in December 2017 and January 2018 stemming from discontent surrounding economic hardships and alleged corruption in various Iranian cities. The UN High Commissioner for Human Rights, Zeid Ra'ad Al Hussein, urged the Iranian authorities "to handle the wave of protests that have taken place around the country with great care so as not to further inflame violence and unrest".

2. DEVELOPMENTS IN KEY ECONOMIC SECTORS

Finance

- **Iran and Italy sign framework agreement** – Italy's Invitalia Global Investment and Iran's Bank of Industry and Mine and the Middle East Bank signed a master credit agreement establishing the terms and conditions that will govern future facility agreements between Invitalia and the Iranian banks for a total amount of up to €5 billion.
- **South Korean credit line to finance refinery** – South Korea will provide €1.9 billion credit in relation to upgrading the Isfahan refinery.
- **Eximbank signs credit deal** – the Eximbank of Russia has signed a deal to supply a credit line for four Iranian banks (Sepah, the Export Development Bank of Iran, Parsian and Pasargad) to finance various projects.
- **Bonds issued to fund rail electrification project** – Iran has issued \$227 million worth of bonds to finance the Tehran-Mashhad rail electrification project. Last year the Export-Import Bank of China agreed to provide the majority of funding in relation to the Tehran-Mashhad rail electrification project.

Oil and Gas

- **Total deal being delivered** – the National Iranian Oil Company (NIOC)'s gas deal with Total is being executed on schedule, according to Iranian Minister of Petroleum Bijan Zangeneh. In July 2017, Total and NIOC signed a contract for the development and production of phase 11 of South Pars, the world's largest gas field.
- **€260 million loan for refinery project** – the National Development Fund of Iran is providing a €260 million loan for finalising the Bandar Abbas gas condensate refinery project. The refinery is the only one in the world that is fed by gas condensate and can supply 36 million litres of Euro-5 gasoline and is expected to process 75% of its throughput into value-added products.
- **Iranian oil tanker collision** – an Iranian oil tanker which was carrying 970,000 barrels of crude oil collided with a Chinese freighter this month and sank.
- **Sinopec to upgrade Abadan refinery** – Sinopec Engineering has agreed an EPC contract with the National Iranian Oil Engineering and Construction Company in relation to Phase II of the Abadan refinery project.

- Iran and Iraq to jointly develop shared oil fields – Iran and Iraq have decided to collaborate to develop two shared oilfields in the southern Khuzestan Province.

Other

- Iran files complaint against Deutsche Boerse – Bank Markazi has filed a suit in Luxembourg against Deutsche Boerse's Clearstream, seeking to recover US\$4.9 billion in assets frozen on suspicion of terror financing.
- Iran and India sign rail deal – Iran and India have signed a US\$2 billion deal in relation to cooperation in the rail sector. This deal involved a memorandum of understanding worth US\$600 million which will enable Iran to purchase cars from India.
- Hyundai to deliver 10 ships to Iran – Hyundai Heavy Industries will deliver 10 commercial ships to Iran in 2018, with four of the vessels being container ships with capacity of over 14,500 TEU.

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