

KEY DEVELOPMENTS IN IRAN, NOVEMBER 2016

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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

A number of significant political events affecting Iran have taken place in the past month:

House of Representatives votes to extend Iran sanctions

According to reports, the US House of Representatives this month passed a bill to renew sanctions on Iran for 10 years. The new bill proposes to re-authorise the Iran Sanctions Act (the "**ISA**"), which was first adopted in 1996 to punish investments in Iran's energy industry and deter Iran's pursuit of nuclear weapons. The ISA is due to expire at the end of 2016 if it is not renewed. The new bill needs to be approved by the Senate and signed by President Obama in order to become law. Because the US President has the authority to waive the application of the ISA's sanctions provisions, the renewal of the ISA is unlikely to directly alter the new Administration's Iran sanctions decisions.

Trump may demand changes to JCPOA

Walid Phares, an adviser to US President-elect Donald Trump, has been quoted as saying that Trump will "review" and demand changes to the Joint Comprehensive Plan of Action ("**JCPOA**"), the agreement on Iran's nuclear program made in July 2015 between Iran and the P5+1 **group** of the US, France, China, Britain, Russia and Germany. According to Phares "the agreement as is right now... is not going to be accepted by a Trump administration". The JCPOA was concluded with a number of countries and not just the US. Trump's ability to amend the agreement unilaterally has therefore been questioned. Statements of those close to the incoming Trump Administration have been unclear regarding the incoming Administration's position with respect to the JCPOA.

United States issues second licence to Airbus

The United States has been reported as confirming it has issued a second licence to Airbus to sell commercial planes to Iran Air. A spokesperson for Airbus reportedly confirmed that the company has received the licence but would not reveal the number of planes that have been approved. It remains to be seen whether US President-elect Donald Trump will take any action to withdraw these licences.

DEVELOPMENTS IN KEY ECONOMIC SECTORS

OIL AND GAS

This month has seen a number of key developments in Iran's oil and gas sector:

Iran signs preliminary US\$4.8 billion gas deal with Total and CNPC

Iran has reportedly entered into a joint venture with French company Total SA and China National Petroleum Corp. ("**CNPC**") in relation to development at the South Pars oil field. According to reports, Total will have a 50.1 per cent stake in the project, CNPC will have a 30 per cent stake and the remainder will be owned by Petropars, a subsidiary of the National Iranian Oil Company ("**NIOC**").

Iran launches first post-sanctions bidding round

The NIOC has reportedly called on international oil companies to participate in a pre-qualification process for new upstream tenders for exploration and production of oil and gas projects. According to reports, Iran hopes to sign at least US\$10 billion worth of energy deals by April 2017.

Iran agrees deal with Italian companies to build refinery

Iran's Ghadir Group has reportedly agreed a deal worth €750 million with Italian companies Saipem and Maire Tecnimont to cooperate on building a gas condensate refinery in Iran. According to reports, the refinery will be based in the southern city of Shiraz and will have a daily capacity of processing 120,000 barrels of gas condensate.

Norwegian company to develop Iranian oil field

According to reports, the NIOC has signed an MOU with Norwegian oil and gas company, DNO ASA, to conduct a study concerning the development of the Changuleh oil field in western Iran.

BANKING

Foreign banks to open branches in Iran

The head of Chamber of Commerce Austria's Vorarlberg region has been quoted as saying that major Austrian banks, such as Bank Austria and Raiffeisen Bank International, are planning to open branches in Tehran. This is in addition to reports that three foreign banks: Oman's Bank Muscat SAOG, South Korea's Woori Bank, and India's UCO Bank Ltd., are all in the process of establishing a presence in Tehran.

OTHER

Iran and Turkey sign agriculture deals

Iran and Turkey have reportedly signed a number of agreements to promote cooperation in agriculture between the countries. Under the agreements, Iran and Turkey will cooperate on farm animal quarantine practices within the framework of a "road map to strategic agricultural cooperation."

Iran and Oman launch passenger shipping line

Iran and Oman have reportedly launched the first direct passenger shipping line between the southeastern Iranian city of Chabahar and the Omani capital of Muscat. This follows the launching of a shipping line for trade vessels in February, between the port of Shahid Rajaei and Sohar, which was opened to facilitate the transport of agricultural products and perishable goods. According to reports, the Chabahar port will have a capacity of 400 passengers per day and, once fully operational, will also provide direct access to Pakistan and India.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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