

Lifting of Previously Suspended Sanctions Against Iran

On 12 August 2015, the Swiss Federal Council decided to lift certain sanctions against Iran that had been temporarily suspended since 30 January 2014. The amendments to the Ordinance on Measures regarding the Islamic Republic of Iran (the "Ordinance") came into effect on 13 August 2015.

The amendments lift the requirement to report trade in Iranian petrochemical products. Furthermore, the requirement to report the transport of Iranian crude oil and petroleum products, as well as insurance and reinsurance policies taken out in relation to such transactions, is lifted. The amendments also lift the ban on precious metals transactions with Iranian state bodies. In the financial sector, threshold values for reporting and licensing obligations in relation to money transfers from and to Iranian nationals are increased. Finally, the amendment introduces a general exemption clause.

The decision of the Swiss Federal Council underlines its support for the implementation of the Joint Comprehensive Plan of Action (JCPOA) reached by the E3/EU+3 (China, France, Germany, Russia, UK and USA, with the High Representative of the European Union for Foreign Affairs and Security Policy) and Iran on 14 July 2015, as well as Switzerland's interest in deepening its bilateral relations with Iran.

The present briefing aims to provide an overview of the amendments to the Ordinance on Measures regarding the Islamic Republic of Iran in the context of the ongoing international process to resolve the nuclear dispute.

Background

On 14 July 2015, the E3/EU+3 and the Islamic Republic of Iran adopted the JCPOA that provides for a comprehensive range of measures to be taken by Iran to limit and control its nuclear program and roll back UN Security Council sanctions as well as multilateral and national sanctions related to Iran's nuclear program, including steps on access in areas of trade, technology, finance, and energy. The JCPOA shall ensure that Iran's nuclear program will be exclusively peaceful. The JCPOA lays the foundation for a complete settlement of the nuclear dispute.

The UN Security Council has endorsed the JCPOA by unanimously adopting Resolution 2231 on 20 July 2015, calling upon all UN Member States, regional and international organizations to support the implementation of the JCPOA.

Following the Security Council's adoption of Resolution 2231, the EU has amended its sanctions regime on Iran (cf. Council Regulation (EU) 2015/1327 of 31 July 2015 amending Council Regulation (EU) 267/2012 and Council Decision (CFSP) 2015/1336 of 31 July 2015 amending Council Decision 2010/413/CFSP). These amendments allow provision of goods and

services to Iran and exporting enriched uranium in return for natural uranium, in accordance with Iran's obligations under the JCPOA. Furthermore, the amendments make a general allowance for the authorities of EU member states to authorize, on a case-by-case basis, transfers and activities related to the implementation of nuclear related actions. The EU has also extended a derogation from its asset freezing measures.

With its decision of 12 August 2015 to lift certain sanctions against Iran, the Swiss Federal Council underlines its support for the ongoing process to implement the nuclear agreement.

The Amendments introduced on 12 August 2015

The amendments to the Ordinance introduced by the Federal Council on 12 August 2015 can be summarized as follows:

Trade Restrictions

- Reporting Obligations regarding Crude Oil and Petroleum Products (Article 6a of the Ordinance).

The requirement to report trade in Iranian *petrochemical products* is lifted (appendix 4b on petrochemical products has therefore been cancelled). Additionally, the requirement to report the *transport* of Iranian crude oil and petroleum products, as well as *insurance and reinsurance policies* in relation to such crude oil and petroleum products transactions is lifted.

- Ban on Precious Metals (Article 6b of the Ordinance)

The ban on *precious metals* transactions with Iranian state bodies is lifted.

Financial Restrictions

- Money Transfers (Article 12 of the Ordinance)

The threshold values for reporting and licensing obligations in relation to money transfers from

and to Iranian nationals are increased ten-fold (in comparison with the threshold values applicable prior to the suspension adopted in January 2014).

Money transfers to or from an Iranian Person or Organization (as defined in the Ordinance) exceeding 100'000 Swiss Francs have to be notified in writing to the Swiss State Secretariat for Economic Affairs (SECO) within five working days after execution or receipt.

Money transfers to or from an Iranian Person or Organization exceeding 500'000 Swiss Francs have to be approved by SECO. The amended Ordinance provides that SECO's authorization will be granted if the money transfer does not violate the Ordinance, the Goods Control Act (GCA) or the War Material Act (WMA).

UN Security Council Resolution 2231

- Exemption Clause (Article 19a of the Ordinance)

Based on para. 21-24 of the UN Security Council Resolution 2231 and after consultation with the competent authorities within the Swiss Government, SECO may grant exemptions from the Ordinance's prohibitions and licensing obligations if required for the implementation of the JCPOA.

Implementation

The amendments to the Ordinance entered into force on 13 August 2015.

Compliance with the Ordinance continues to be monitored by SECO, the State Secretariat for Migration (SEM) and, at the Swiss border, by the Federal Customs Administration.

Conclusion

The latest amendments to the Ordinance on Measures regarding the Islamic Republic of Iran lift the previously suspended sanctions against Iran in answer to the agreement reached by the E3/EU+3

and Iran to resolve the 12-year nuclear dispute. According to its press release of 12 August 2015, the Federal Council wishes its decision to be seen as a sign of its support of the implementation of the JCPOA and its interest in deepening bilateral relations with Iran.

However, as things stand, the vast majority of both the Swiss and international sanctions against Iran remain in force and need to be complied with when considering doing business with or in Iran. The Federal Council will monitor implementation of the JCPOA and adapt the Swiss measures accordingly. It reserves the right to reintroduce the lifted measures, should the implementation of the agreement fail.

PD Dr. Markus Schott
markus.schott@baerkarrer.ch
T: +41 58 261 54 77

Dr. Andrew M. Garbarski
andrew.garbarski@baerkarrer.ch
T: +41 58 261 57 22

Zurich

Bär & Karrer AG, Brandschenkestrasse 90, CH-8027 Zurich,
T: +41 58 261 50 00, F: +41 58 261 50 01, zurich@baerkarrer.ch

Geneva

Bär & Karrer SA, 12, quai de la Poste, CH-1211 Geneva 11,
T: +41 58 261 57 00, F: +41 58 261 57 01, geneva@baerkarrer.ch

Lugano

Bär & Karrer SA, Via Vegezzi 6, CH-6901 Lugano,
T: +41 58 261 58 00, F: +41 58 261 58 01, lugano@baerkarrer.ch

Zug

Bär & Karrer AG, Baarerstrasse 8, CH-6301 Zug,
T: +41 58 261 59 00, F: +41 58 261 59 01, zug@baerkarrer.ch

www.baerkarrer.ch