

# European businesses in firing line of Iran sanctions

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Airbus and other big European companies need to figure out how to deal with new US sanctions against Iran

European businesses have the most to lose from renewed US sanctions against Iran, analysts said Wednesday, with massive sums at stake for

some of the continent's big names.

A day after President Donald Trump pulled the United States out of a landmark deal curbing Iran's nuclear programme and reimposed crippling sanctions, EU governments promised they would shield their companies doing business with Tehran.

European officials will "do everything" possible to protect their interests, an official in the French presidency said.

America has, however, a long reach when it comes to forcing foreign companies to comply with its sanctions regime, analysts said, as some big European banks have learned the hard way.

US sanctions policy is based on the extra-territoriality of American laws, meaning Washington also punishes [foreign companies](#) doing deals with Iran if they also have business with the US, or use dollars in their transactions.

## **Can't hide from policeman**

European companies with interests in the United States "find it is impossible to hide from the world's policeman" said Jacques Hogard, who runs an international consulting firm.

"You can try to circumvent sanctions, but not if you're a big [company](#)," he told AFP.

Washington has given companies between 90 and 180 days to phase out existing contracts with Iran and banned them from signing any new ones, under threat of sanctions.

And that threat is far from empty.



France's biggest bank was hit with a mega fine for dealing with regimes under US sanctions

France's biggest bank, BNP Paribas, was fined \$8.9 billion in 2014 for breaking sanctions against Iran and other countries.

The following year, Deutsche Bank paid \$258 million in US fines for doing business with Iran and Syria pursuing, according to US regulators, a "lucrative" US dollar business for sanctioned customers.

Europeans were eager to renew business ties with Iran after the July 2015 landmark deal which opened up the prospect of winning market share in the country of 80 million desperate for investment and consumer goods.

Airbus, Siemens, Total, PSA and Fincantieri were among the multinationals launching investments in Iran, although the Islamic Republic's problems with financing its wish list kept a lid on enthusiasm.

## **EU's Iran business tripled**

The European Union's trade with Iran nearly tripled in under three years, growing from 7.7 billion euros (\$9.14 billion) in 2015 to 21 billion euros in 2017.

Germany alone exported three billion euros worth of goods to Iran in 2017, Italy 1.7 billion and France 1.5 billion.

Now that [business](#) drive risks stalling.

Talking directly to Washington to soften the Trump administration's stance may be the wisest course of action, some companies say.

French energy giant Total, which has agreed to invest \$5 billion in Iran together with Chian's CNPC to develop the South Pars oil field, said last month it would seek an exemption from any new sanctions.



Giving corporate Europe quite the headache

For now corporate bosses are completely in the dark as to whether the sanctions regime will be watered down in this, or any other, way.

The only certainty seems to be that the US decision "does not target what is already in place", said Mahasti Razavi, a lawyer with the August Debouzy firm.

But what happens to companies who continue to deal with Iran still needs to be clarified, she said.

Which is why many take a cautious stance.

"We are carefully analysing this announcement and will evaluate the next steps in accordance with our internal policies and with complete observance of the [sanctions](#) and the export control rules," said a spokesman for European aircraft maker Airbus which has announced contracts with Iranian airlines for a total of 100 planes.

## **Clarity, please**

Aerospace companies had been perhaps the biggest beneficiary of the Iran nuclear accord, which recognised the need for Iran to modernise its aircraft fleet.

Emma Marcegaglia, head of employers association BusinessEurope, said European companies needed "legal clarity" and were counting on the EU and its member states to assist companies.

French Finance Minister Bruno Le Maire said he hoped to meet with US Treasury Secretary Steve Mnuchin by the end of the week to discuss ways to soften the blow.

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