

Iran trade implications unclear, say forwarders

Freight and logistics firms await further information following US withdrawal from the Joint Comprehensive Plan of Action

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Countries outside the US are trying to keep together the Iran deal without having the US on board



LAST WEEK US PRESIDENT DONALD TRUMP SIGNED A PRESIDENTIAL MEMORANDUM ON THE IRAN NUCLEAR DEAL THAT HAS BIG IMPLICATIONS FOR SHIPPING LINKS TO IRAN.

THE TRADE implications of the US withdrawal from the Iran nuclear deal and the re-imposition of tighter sanctions remain unclear, according to a number of freight forwarders contacted by Lloyd's Loading List.

A flurry of diplomatic activity initiated by some of the other signatories of the Joint Comprehensive Plan of Action, known as the JCPOA, is currently under way to rescue the agreement that came into effect in early 2016 between Iran, the five permanent members of the United Nations Security Council (China, France, Russia, UK and the US) plus Germany and the European Union.

According to Greta Lichtenbaum, a partner in the international law firm of O'Melveny & Myers, who has studied and written about the Iran sanctions issue, Donald Trump's decision to terminate participation by the US in the JCPOA will have "a significant impact on multinational firms that have business interests in both the United States and Iran".

Some analysts believe multinational firms that have business interests in both countries will have to make a straight choice between their US and Iran businesses, although others believe there may be more flexibility.

Asked by Lloyd's Loading List what the US reversal is likely to mean for trade with Iran and any business they were involved in with Iran, major forwarders — including DHL Global Forwarding, DB Schenker, Bolloré Logistics, Kuehne + Nagel, and Kerry Logistics — were largely uniform in their response, saying it was "too early" or "premature" to comment, but that they were "monitoring the development of the situation closely". They each declined to provide details on their activities in Iran.

On the carrier side, Maersk Line has confirmed that it has ceased acceptance of commodities mentioned under clause 1.2.iii of the JCPOA wind-down order.

The Danish shipping line added: “The United States has announced it will cease its participation in the JCPOA and re-impose US sanctions on Iran following a wind-down period. Our presence in Iran is limited. We will monitor the developments to assess any impact on our activities and keep our customers directly informed in case of any changes.

“Maersk Line is serving its customers on the Iranian market via a feeder service using third-party vessels (slot purchase agreements) from Jebel Ali (UAE) to Bandar Abbas and Bushehr. Maersk Line has offices in Teheran, Bandar Abbas and Bushehr, employing a total staff of 12.”

When the UN nuclear-related trade sanctions imposed on the Islamic Republic were lifted in January 2016 via the implementation of the JCPOA, several international freight forwarding and logistics groups, including Kerry Logistics, Panalpina, and DB Schenker, highlighted the [new potential of the Iran market](#) although US companies were still excluded from most trading activities with Iran because of unilateral US sanctions that remained in place.

One Europe-based senior freight forwarding and logistics executive described it at the time as “the biggest market opportunity to have emerged in the past decade”, highlighting the potential for countries such as Germany and China to export to Iran, because for the past 30 years, capital investment in the country had been close to zero.

The US imposed sanctions on Iran in 1979 following the so-called ‘Islamic Revolution’ in the country, and expanded them in 1995 to include companies dealing with Iran.

Although that may not have been an official and binding set of sanctions as with the UN sanctions imposed in 2006, in practice any company that did any

business with the US faced major problems if it was found trading with Iran, the forwarding executive explained.

Back in early 2016 other forwarders highlighted the potential in industries such as oil and gas, high-tech, telecoms, automotive and aerospace, as well as in consumer and retail.

Even before president Trump's decision to withdraw the US from the JCPOA, there was substantial divergence between US and EU sanctions regimes for Iran — the EU had suspended nearly all economic and nuclear sanctions, but the US relief focused mainly on 'secondary' sanctions; measures that targeted foreign banks and other foreign companies that engaged in certain activities involving Iran.