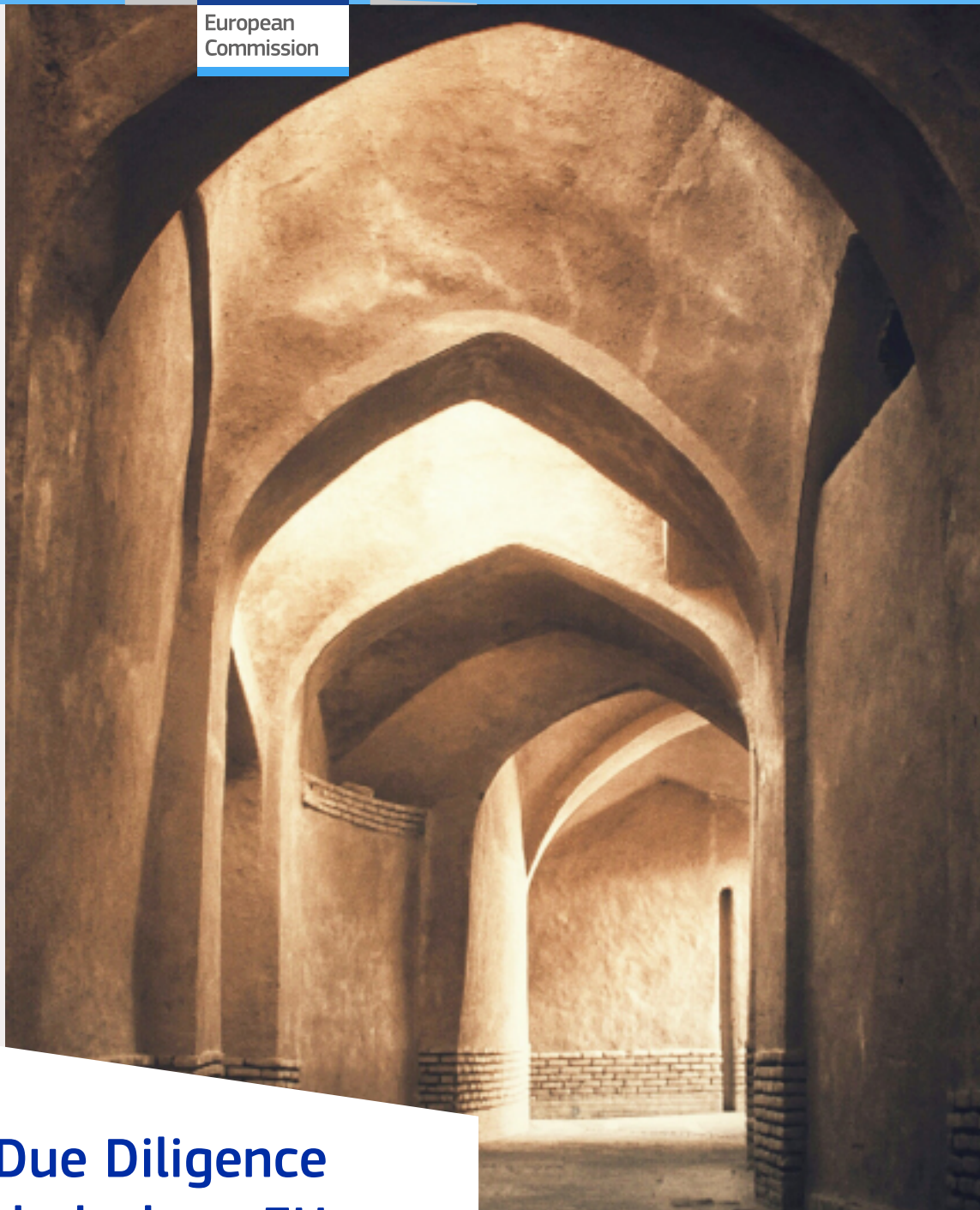


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BROCHURE

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Due Diligence Helpdesk on EU Sanctions for EU SMEs dealing with Iran

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EU Sanctions

for EU SMEs
dealing with

IRAN



For more information about sanctions-related due diligence in Iran, contact us at info@sanctions-helpdesk.eu

1. The facts: Business in Iran for EU companies

Size of market

With a 0.53% share of the global economy, Iran is 27th among the world's top economies, according to the World Bank with a GDP higher than Norway, UAE, South Africa, Singapore, Malaysia, & Finland. Iran is the second largest country in the Middle East, after Saudi Arabia and the 18th largest economy in the world. The World Bank describes the state as 'an upper-middle income developing country'. The GDP per capita in Iran was €12,355.51 in 2017, when adjusted by purchasing power parity (PPP) equal to 82% of the world's average. At this level of income, consumer spending would commonly be expected to grow quite strongly, driven by a desire for better quality, convenience and choice. This normally supports a transition from traditional to modern retail as well as strong growth in demand for products like processed foods and personal care products and services such as fast food/dining out.

However, the purchasing power of many Iranians was squeezed in recent years by geopolitical tensions, high inflation, depreciation of the Rial and sharp rise in the price of imported goods.

Key industry sectors

Underdeveloped infrastructure, need for new technologies, with major industries requiring investment & modernisation are in need for cooperation and investment. European countries have always ranked as top trading partners for Iran.

Exports from Europe to Iran include machinery, cereals, iron and steel, and chemicals. Iranian imports to Europe include chemicals, plastics, and fruits. European companies would be major sources of technology & investment but could also become partners in developing regional opportunities & commodities. Before the COVID-19 outbreak, the tourism industry was to grow by 2025 to 7.8% of the GDP offering many opportunities to European companies engaged in tourism and hospitality industries to help with hoteling, catering and tourist-related services to those who wish to travel to Iran. Although the consumer industry is important, Europe has always provided machinery, food products, pharmaceuticals, chemicals, automobiles and parts to Iran. Italy and Germany were just two of the European countries who welcomed trading with Iran after the JCPOA given their long standing economic ties with Iran.



2. EU restrictive measures and the JCPOA

EU restrictive measures vis-à-vis Iran

Since 2006, the EU High Representative has led diplomatic efforts between the E3/EU+3 (China, France, Germany, Russia, the United Kingdom and the United States) and Iran, which led to the conclusion of the Joint Comprehensive Plan of Action on Iran's nuclear program (JCPOA) in Vienna on 14 July 2015. The JCPOA is designed to ensure that Iran's nuclear programme will be exclusively peaceful and provides for the comprehensive lifting of UN, EU and US nuclear-related sanctions.



On 20 July 2015, the UN Security Council adopted Resolution 2231(2015) regarding the Joint Comprehensive Plan of Action (JCPOA), agreed by Iran and the E3/EU+3. This resolution endorses the JCPOA, allowed for certain exemptions to existing restrictive measures and defines the schedule and commitments to be undertaken by all parties to lead to the termination of restrictive measures against Iran.

The European Union remains committed to support the full and effective implementation of the JCPOA by all including by the lifting of nuclear-related economic and financial sanctions and engaging with the private sector and economic operators, especially banks, to promote growth in trade and investment. In particular, the extensive guidance provided in form the Information Note on EU sanctions to be lifted under the JCPOA ensures that the regulatory framework is clear.

For a comprehensive overview of EU restrictive measures lifted and still in place please consult the EU's JCPOA Information Note:

https://eeas.europa.eu/delegations/iran/32286/nuclear-agreement_en

The Joint Comprehensive Plan of Action (JCPOA): What is it and how can it affect your business?

In parallel with the adoption of EU restrictive measures (sanctions), diplomatic discussions were held between Iran and the 'E3/EU+3' (France, UK, Germany, and the EU + the US, Russia, and China) on the issue of Iran enriching uranium. These led to an agreement on a Joint Comprehensive Plan of Action (JCPOA) on 14 July 2015. The EU has been involved throughout the implementation of this plan, including the progressive lifting of nuclear-related sanctions against Iran.

Under the terms of the JCPOA, in exchange for the lifting of nuclear-related sanctions, Iran agreed to restrict certain nuclear enrichment programmes. Consequently, most UN and EU sanctions were lifted on 16 January 2016, but some measures still remain in force.

The JCPOA provides for the lifting of the remaining EU sanctions related to nuclear proliferation by 2023, and all EU and UN sanctions by 2025, subject to Iran's compliance with the agreement.

For more information on the JCPOA, please visit:

<https://www.consilium.europa.eu/en/policies/sanctions/iran/jcpoa-restrictive-measures/>

3. Sanctions-related due diligence in Iran

EU SMEs carrying out business activities in Iran or with Iranian companies are advised to conduct due diligence checks to ensure that their planned activities do not violate EU restrictive measures (sanctions), which they are bound to comply with by EU law. For example, there is an increased risk of interference with EU sanctions when dealing with dual-use goods, including in the transportation and telecommunications sectors, among others.

EU SMEs need to carry out effective due diligence to assure their business partners and in particular their financial institutions, require the necessary documentation to provide credit.

Without carrying out effective due diligence checks, EU SMEs would find it difficult to meet the stringent requirements of financial institutions including EU banks. Financial institutions are unwilling to provide credit to business projects where there is a risk of non-compliance with EU sanctions. Due diligence checks are therefore crucial for EU SME planning to conduct business in Iran.

The Due Diligence Helpdesk on EU Sanctions provides free-of-charge support to EU SMEs on how to complete due diligence checks on EU sanctions compliance for specific business projects. Thus, EU SMEs can be informed whether their initiatives in Iran are in accordance with EU law. Thanks to Helpdesk assistance in providing due diligence compliance documents, EU SMEs can also reassure financial institutions of the legitimacy of their business projects, which would help in obtaining the needed funds.

4. Related links and additional information

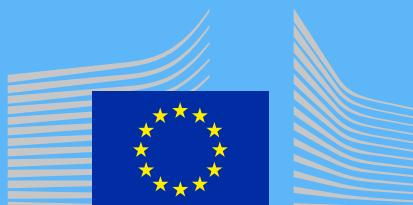
Helpdesk website:
<https://sanctions-helpdesk.eu/>

EU sanctions tools:
<https://sanctions-tool.ec.europa.eu/>

Q&A Due Diligence On restrictive measures for EU businesses dealing with Iran:
https://ec.europa.eu/fpi/what-we-do/qa-due-diligence-restrictive-measures-eu-businesses-dealing-iran_en

DG TRADE website on Iran:
<https://ec.europa.eu/trade/policy/countries-and-regions/countries/iran/>





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SME Guide to Doing Business with Iran

Download Guide



The Due Diligence Helpdesk on EU Sanctions for EU SMEs dealing with Iran provides free-of-charge guidance to EU SMEs, advising them on how to complete **due diligence checks for compliance with EU restrictive measures (sanctions)** for specific business projects in Iran.



HELPPESK ENQUIRY SERVICE – CONFIDENTIAL CONSULTATION Individual EU SMEs can submit queries via [sanctions due diligence analysis tool](#) on the Helpdesk website, accessing a panel of experts to receive confidential first-line information on their specific business case. The Helpdesk can inform EU SMEs about whether their planned business activities fall under EU sanctions, and the level of due diligence check required.

INFORMATION MATERIALS EU SMEs can [download information materials](#) from the website concerning EU sanctions and due diligence requirements pertaining to Iran's business environment. The Helpdesk also publishes a regular newsletter which describes the due diligence approaches generally adopted in the emerging business sectors of interest to EU SMEs. News items are regularly posted on the Helpdesk website to keep EU SMEs up-to-date with the most important developments in the Iranian business environment.

WEBINARS The Helpdesk delivers webinars for EU SMEs conducting business in Iran. Presented by renowned experts, they cover EU sanctions and other due diligence compliance requirements when conducting business in Iran. The Helpdesk participates to partners' organised webinars, forums and other online events.

If you have any queries on how to conduct sanctions-related due diligence regarding business projects in Iran & If you want more information on additional free-of-charge services offered by the Helpdesk please contact us at:

Rue du Commerce 123
Ground Floor, Room 2
1000 Brussels, Belgium

info@sanctions-helpdesk.eu
www.sanctions-helpdesk.eu

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