

INSIGHT

INSTEX's First Transaction: Keeping the Iranian Nuclear Deal Alive?

May 7, 2020

AUTHORS

David Mortlock | **Simon Osborn-King** | **Cristina Caggiano**

On 31 January 2019, France, Germany, and the United Kingdom (the “E3”) announced the establishment of INSTEX SAS (Instrument in Support of Trade Exchanges), a special purpose vehicle (“SPV”) aimed at facilitating trade between European companies and Iran [see our previous update here. In March 2020, it was announced that INSTEX had completed its first transaction.

While this transaction comes more than a year after INSTEX's establishment, it is another illustration of the E3's commitment to preserve the Joint Comprehensive Plan of Action (“JCPOA”) following the E3's decision to trigger the dispute mechanism under the JCPOA in connection with Iran's decision to reduce compliance with the nuclear deal.

As more countries express their intention to join the SPV (most recently Belgium, Denmark, Finland, the Netherlands, Norway and Sweden at the end of 2019), INSTEX may see an increase in its activity. In fact, the E3 have confirmed their plan to complete more transactions in the future and enhance the mechanism, working alongside its Iranian counterparty - the “Special Trade and Finance Institute” (“STFI”).

To date, the E3 have not published the full details of INSTEX's first transaction, including how the mechanism worked in practice. The E3 only disclosed that the transaction facilitated the export of medical goods from Europe to Iran. This is in line with the E3's announcement when INSTEX was first established, i.e. that its initial focus would be on the sectors most essential to the Iranian population such as pharmaceutical, medical devices and agri-food goods. It remains to be seen

INSTEX's First Transaction: Keeping the Iranian Nuclear Deal Alive?

whether INSTEX will also engage in transactions in other sectors which may expose INSTEX or its users to the risk of U.S. secondary sanctions for Iran.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work

David Mortlock

202 303 1136

dmortlock@willkie.com

Simon Osborn-King

+44 203 580 4712

sosborn-king@willkie.com

Cristina Caggiano

+44 203 580 4746

ccaggiano@willkie.com

Copyright © 2020 Willkie Farr & Gallagher LLP.

This alert is provided by Willkie Farr & Gallagher LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This alert may be considered advertising under applicable state laws.

Willkie Farr & Gallagher LLP is an international law firm with offices in New York, Washington, Houston, Palo Alto, San Francisco, Chicago, Paris, London, Frankfurt, Brussels, Milan and Rome. The firm is headquartered at 787 Seventh Avenue, New York, NY 10019-6099. Our telephone number is (212) 728-8000 and our fax number is (212) 728-8111. Our website is located at www.willkie.com.