



EMERGING CHALLENGES January/2 2019

US sanctions vs Iran: how to exempt virtuous countries

Effective from the 5th of November 2018, the USA – which in May 2018 declared its retreat from the “Joint Comprehensive Plan of Action (JCPOA) – imposed new sanctions on Iran (see https://www.treasury.gov/resource-center/sanctions/Programs/Pages/jpoa_archive.aspx). Such sanctions are largely “secondary sanctions” on activities of non-US persons.

Without going in much detail with regard to the punitive technicalities of the sanctions (for more info see <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20181105.aspx>) it is worth noting that Italy, Greece, Turkey, India, China, South Korea, Taiwan and Japan are the countries exempted from the sanctions. The exemption is valid for 180 days starting from the 5th November with a possible renewal.

According to the statements made by the Secretary of State Michael Pompeo, the State Department allegedly granted the exemption to the beneficiaries as these countries showed a gradual and consistent reduction of oil imports from Iran.

Indeed, the above countries exempted from the flurry of sanctions are strategically key to the US foreign policy especially because they are in close proximity to the Middle East and Korean Peninsula regions where the security situation is still rather tense.

Evidently Washington did not intend to further escalate relations with China too and compromise the temporary agreement achieved after the recent conflict on tax duties, which is still under way with unpredictable developments.

Furthermore, the President, in view of the recent mid-term elections, had to grant probably some concessions to the oil lobbies to buffer the supply to the markets, while the Saudis – who appear to benefit the most from the re-introduction of the sanctions – do not seem willing to increase their output, as was widely expected.

The issue of the contraction of imports from Iran does not seem to concern Italy, despite ENI having recently signed agreements with the National Iranian Oil Company for a possible exploitation of the Darquain oil field and the Kish gas field.

Greece and Turkey do play a major geopolitical role in view of their proximity to the conflicts in the area for quite some time, like the Israeli-Palestinian conflict and the more recent ones in Iraq and Syria.

It remains to be seen whether the waivers will be renewed and to which countries – it is no coincidence that they are applied only for a few months – taking into account that the Trump Administration has resorted to sanctions on a very large scale, unprecedented in recent history. On the one hand in fact there are policies that are shaped by major departments, on the other a rather unpredictable steering from the Oval Office.

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