



The Trump Administration Will Not Renew Iranian Oil Waivers

Companies in the banking/financial, energy, logistics, and shipping sectors should assess their operations to mitigate sanctions compliance risks.

On Monday, April 22, 2019, the Trump Administration [announced](#) that, in the interests of "[dramatically accelerating \[the\] pressure campaign](#)" against Iran, it will not renew the "Significant Reduction Exceptions" ("SREs") permitting certain countries to continue importing oil from Iran when they expire on May 2, 2019.

Pursuant to the Iran Freedom and Counter-Proliferation Act of 2012 ("IFCA") (P.L. 112-239), the President may grant 180-day waivers to allow certain countries to continue to import oil from Iran without risk of penalty under U.S. extraterritorial (or "secondary") sanctions. Despite an expressed intent to avoid granting such waivers with the re-imposition of U.S. sanctions, the Trump Administration nevertheless granted SREs to eight countries—namely, China, Greece, India, Italy, Japan, South Korea, Taiwan, and Turkey—on November 5, 2018. Three of those countries—Greece, Italy, and Taiwan—have reportedly already ceased importing Iranian oil. The remaining countries—China, India, Japan, South Korea, and Turkey—must now cease imports of Iranian-origin oil or risk U.S. sanctions.

The United States has indicated that it, as well as other oil-producing countries, will take steps to ease the transition and ensure market stability. Nevertheless, the U.S. decision has already elicited opposition. The European Union has expressed "regret" over the U.S. decision. Similarly, China and Turkey have opposed the end of the waiver program.

Despite such criticism, U.S. Secretary of State Michael Pompeo has [warned](#) that: "Any nation or entity interacting with Iran should do its diligence and err on the side of caution. The risks are simply not going to be worth the benefits."

Companies in the banking/financial, energy, logistics, and shipping sectors should carefully assess their operations in light of Monday's announcement to mitigate any sanctions compliance risks.



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