

# President Trump Withdraws U.S. from Iran Deal, Announces Restoration of Sanctions

May 9, 2018

In a [speech](#) delivered yesterday, President Trump announced the United States' withdrawal from the Joint Comprehensive Plan of Action (the "JCPOA") and the full reinstatement, after a wind-down period, of the U.S. nuclear-related sanctions waived under that agreement.

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The JCPOA, announced in July 2015, is an agreement between Iran, the European Union and the P5+1 (the United States, United Kingdom, France, China, Russia and Germany) that requires Iran to discontinue its nuclear weapons program in exchange for relief from U.S. and EU nuclear-related sanctions. The JCPOA suspended most "secondary sanctions" that the U.S. imposed on foreign companies transacting with Iran and authorized foreign subsidiaries of U.S. companies to trade with Iran under certain conditions, but it did not suspend the primary U.S. embargo in Iran. For more information on the JCPOA, please see our [July 17, 2015 Client Update](#). In response to President Trump's announcement, EU leaders have indicated they will make use of the wind-down period to seek exemptions for European companies.

**We will be hosting client seminars on this and other sanctions developments in the Trump era from 8:30 a.m. to 10 a.m. in London on May 16, 2018, and from 8:30 a.m. to 10:00 a.m. in New York on May 23, 2018. To register for the London event, click [here](#), and for the New York event, click [here](#).**

**Wind-Down Periods.** A newly issued [National Security Presidential Memorandum](#) directs the Secretary of State and the Secretary of the Treasury to prepare immediately for the reimposition of all the U.S. sanctions listed or waived in connection with the JCPOA, in no case later than 180 days from May 8, 2018. Newly issued [frequently asked questions](#) from the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") state that the Departments of Treasury and State have amended or intend to amend the waivers and general licenses implementing the JCPOA to provide that all U.S. nuclear-related sanctions lifted under the JCPOA will be reimposed and effective after a wind-down period of 90 days in some cases or 180 days in others.

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We expect that the text of the amendments, when it becomes available, will clarify whether the wind-down period amounts to a delay in the reimposition of sanctions for all purposes, or whether the wind-down period will apply only to existing agreements and dealings with Iran.

**Sanctions Fully Effective August 6.** After a 90-day wind-down period, which ends on August 6, 2018, non-U.S. persons will once again become potentially subject to secondary sanctions for certain transactions involving the following activities:

- Purchase or acquisition of U.S.-dollar banknotes by the government of Iran;
- Trade with Iran in gold or precious metals;
- Sale or supply to Iran of coal, certain metals and software for integrating industrial processes;
- Significant transactions related to the purchase or sale of Iranian rials, or the maintenance of significant funds denominated in rials outside Iran;
- Purchase of, subscription to or facilitation of issuance of Iranian sovereign debt; and
- Sale or supply of goods and services to Iran's automotive sector.

Certain primary sanctions against Iran will also be reimposed on the same day:

- General and specific licenses related to export of aircraft and aircraft parts from the United States to Iran will be revoked; and
- Importation of Iranian carpets and foodstuffs to the United States will once again be banned.

**Sanctions Fully Effective November 4.** After a 180-day wind-down period ending on November 4, 2018, General License H, which authorizes foreign entities owned or controlled by a U.S. person to engage in certain dealings with Iran, will come to an end. This means that any transactions by such subsidiaries with persons in Iran must be brought to a close by that date.

On the same day, the remainder of the nuclear-related secondary sanctions become effective, including sanctions targeting foreign persons engaged in:

- Certain transactions with Iran's port operators, shipping and shipbuilding sectors;

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- Certain petroleum-related transactions, including the purchase of petroleum, petroleum products or petrochemical products from Iran;
  - Significant transactions by foreign financial institutions with the Central Bank of Iran and Iranian financial institutions, as well as the provision of financial messaging services to those institutions;
  - Insurance, reinsurance and underwriting services related to the Iranian petroleum sector and certain other activities;
  - Certain investments in and other dealings involving Iran's energy sector; and
  - Significant dealings with the government of Iran and entities that it controls. In this regard, numerous Iranian state-owned entities will be moved from the "Executive Order 13,599 List," created after the JCPOA was adopted, back to the Specially Designated Nationals List.

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For a periodic e-mail summary of developments in economic and trade sanctions, please subscribe to the Debevoise & Plimpton LLP Sanctions Alert by e-mailing [sanctions@debevoise.com](mailto:sanctions@debevoise.com) or sign up on the [Insights Subscribe](#) page of our website. The firm's sanctions-related publications may also be found at [the Sanctions Resource](#) page on our website.

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Please do not hesitate to contact us with any questions.

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