

Position paper: Re-imposition of US secondary sanctions against Iran and EU responses

1. Reaction to the re-imposition of US secondary sanctions against Iran

- Large French companies **deeply regret the unilateral decision by the United States to withdraw from the JPCPOA and to re-impose a wide spectrum of so-called “secondary sanctions” against Iran** without using the monitoring mechanisms set forth by this multilateral agreement.
- The extraterritorial reach of these sanctions, covering non-US natural and legal persons, exposes **French companies to disproportionate impacts on their activities on US and international markets compared with the scale of business likely to be carried out in Iran.**
- As EU-based businesses, large companies consider that, moreover, extraterritorial sanctions are **in breach with EU and Member States’ sovereignty and should be therefore precluded.**

2. EU businesses need to be effectively protected against extraterritorial effects of US sanctions by appropriate means

- In this very context, large French companies deem it utmost urgent **to design and implement legal/financial tools meant to shelter EU businesses from these unilateral US sanction schemes.**
- Large French companies are looking forward to the **development of more effective instruments** than **Regulation 2271/96, either by a substantive revamping of this Regulation** or by the adoption of complementary regulatory tools. Businesses should not be confronted with the dilemma of complying with the Regulation and being exposed to US secondary sanctions or abiding by the US prohibitions and being subject to sanctions inflicted by Member States.
- A better protection against investigations and sanctions imposed by US enforcement authorities could be secured for instance via a **clear prohibition imposed on third parties to notify US authorities activities carried out in Iran by EU businesses.**
- As the possibility for EU businesses to obtain damages from US or EU courts is fairly limited in practice, they suggest at least entitling **the EU or Member States to fil claims with EU and US courts acting as surrogates/ proxies to EU businesses** before US or international jurisdictions and to transfer damages to companies in the end.
- **On the financial side,** large French companies call for the set-up **of financial circuits and intermediaries cut-off from US and US dollar-labelled markets in order to secure commercial transactions with Iran.**

About AFEP

Since 1982, Afep brings together large companies operating in France. The Association is based in Paris and Brussels. Afep aims to foster a business-friendly environment and to present the company members' vision to French public authorities, European institutions and international organisations. Restoring business competitiveness to achieve growth and sustainable employment in Europe and tackle the challenges of globalisation is Afep's core priority. Afep has 120 members. More than 8.5 million people are employed by Afep companies and their annual combined turnover amounts to €3,000 billion.

Afep is involved in drafting cross-sectoral legislation, at French and European level, in the following areas: economy, taxation, company law and corporate governance, corporate finance and financial markets, competition, intellectual property and consumer affairs, labour law and social protection, environment and energy, corporate social responsibility and trade.

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