

## EU creates special purpose vehicle to facilitate trade with Iran under the JCPOA

France, Germany and the United Kingdom (E3) recently [announced](#) the creation of an Instrument for Supporting Trade Exchanges (INSTEX), a special purpose vehicle (SPV) with the purported aim to facilitate legitimate trade between European economic operators and Iran following the re-imposition of secondary sanctions by the US after its withdrawal from the Joint Comprehensive Plan of Action (JCPOA). For now, INSTEX will support European trade with Iran under the JCPOA only in the pharmaceutical, medical devices and agri-food goods sectors. In the long term the E3 will explore the opportunities to open INSTEX to companies from outside the EU and broaden the range of goods that can be traded using the SPV.

The establishment of the SPV demonstrates the EU's effort to preserve the economic core of the JCPOA. However, the economic impact of the new instrument is currently expected to be symbolic. Not so much because of the legal and technical hurdles the E3 have to overcome to make the SPV operational, but mostly because it is not likely to shield European companies from the threat of US secondary sanctions if they do business targeted by those sanctions.

For more information about the impact of the US withdrawal from the JCPOA on EU companies, see our [Client Alert](#) of May 2018.

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