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Fact Sheet: Companies Reducing Energy-Related Business with Iran

U.S. DEPARTMENT OF STATE
Office of the Spokesman
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FACT SHEET

Companies Reducing Energy-Related Business with Iran

The U.S. Government engages foreign companies and governments, to explain our policy objectives regarding Iran and the relationship between those objectives and our laws – including the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA). We urge companies to act in accordance with our objectives and our laws, explain the potential consequences of our sanctions, and urge a halt to business with Iran’s energy sector. Our pressure on Iran to comply with its international obligations is most effective when pressure is applied multilaterally.

Since the passage of the new sanctions legislation on July 1, 2010, the State Department has sanctioned nine companies for doing business with Iran’s energy sector. The State Department has also used CISADA authorities to persuade five major multinational oil firms to withdraw all significant activity in Iran, costing them hundreds of millions of dollars. Dozens of companies have ended business with Iran. Major insurers, including Lloyd’s of London, have stopped covering shipments of refined petroleum to Iran. Iran has lost millions in potential revenue by converting petrochemical plants to produce gasoline to make up for the dramatic shortfall in gasoline imports. The State Department has also convinced the jet fuel suppliers in 17 cities in Europe to which Iran Air flies to stop providing fuel.

Refined Petroleum

- The Turkish refiner Tupras cancelled contracts to supply gasoline to Iran.
- French oil group Total, Royal Dutch Shell, Kuwait’s Independent Petroleum Group, India’s Reliance and Malaysia’s Petronas, have all stopped sales of refined product in 2010.
- Swiss energy traders Vitol, Glencore, and Trafigura all publicly committed in March 2010 not to supply refined petroleum products to Iran.
- The Russian oil firm Lukoil announced that it had ceased gasoline sales to Iran. After press reports to the contrary, Lukoil re-confirmed this commitment in an open letter to Congress and in a public statement in 2010.
- BP, Shell, Q8, Total, and OMV have all stopped supplying jet fuel to Iran Air.

- Germany's ThyssenKrupp said recently it would go above and beyond sanctions requirements and freeze all new business with Iran.

Upstream Projects

- Shell, Total, ENI, Statoil and INPEX have all ended or are in the process of terminating their activities in Iran. All five companies have committed not to engage in any new activities there.
- In addition to Shell, Repsol has abandoned negotiations over development of phases 13 and 14 of the South Pars gas field. They have committed to us not to engage in any further discussions with Iran.
- BP announced in mid-November 2010 that it will stop production at its North Sea Rhum gas field, which it co-owns with the Iranian Oil Co., to ensure compliance with the European Union sanctions against Iran.
- South Korea's GS Engineering & Construction announced on July 1 that it had cancelled a \$1.2 billion gas processing project in Iran.
- A planned Trans-Adriatic Pipeline (TAP) will not be used to transport gas from Iran to Europe, the partners announced on Sept. 15.
- The German firm Linde, which had been the only supplier of gas liquefaction technology to Iran, has stopped all business with the country. Iran has announced it will not go forward with any new LNG projects.
- India's largest private refiner, Reliance Industries, told Reuters on April 1 that it would not import crude oil from Iran in the 2010 fiscal year.

Shipping

- Lloyds of London announced on July 9 it would not insure or reinsure petroleum shipments going into Iran.
- Key shipping associations have created clauses in contracts that enable ship owners to refuse to deliver refined petroleum cargoes to Iran.
- Hong Kong shipping company NYK Line Ltd. announced that it had decided to withdraw from trade with Iran.

Equipment and other

- Local trade and international press reported Sept. 14 that South Korea's Kia Motors had stopped exporting cars, assembly kits, and spare parts to Iran as of August in anticipation of South Korean sanctions restricting trade with Iran.
- The luxury carmaker Daimler announced in April it would sell its 30 percent stake in an Iranian engine maker and freeze the planned export to Iran of cars and trucks. Toyota has also stopped shipping cars to Iran.

- Caterpillar prohibited its non-U.S. subsidiaries from accepting orders that would be sent to Iran.
- The Swiss firm ABB Ltd.; the Italian defense, aerospace, energy and transportation conglomerate Finmeccanica; Ingersoll-Rand Plc, which makes air compressors and cooling systems; and the German engineering conglomerate Siemens have all withdrawn from doing business with Iran.
- The chemical manufacturer Huntsman Corp. announced its indirect foreign subsidiaries would stop selling products to third parties in Iran.

For more information, go to <http://www.state.gov/iransanctions/index.htm>.

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