

Shipping, Transport & Logistics Focus Team

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Sanctions spotlight: Iran snapback and its impact on the shipping sector

1. Introduction

Recent weeks have brought renewed attention to Iran following activation of the UN ‘snapback’ mechanism. The snapback reintroduces a broad set of measures under the relevant Security Council resolutions, prompting parallel action across key jurisdictions. As the **EU and UK** have begun reinstating their respective restrictive measures – with various wind-down provisions and licensing carve-outs – the **US has welcomed the move and signalled further enforcement alignment under its existing Iran sanction programmes**.

These developments raise complex questions as to the interaction between the **UN, EU, UK and US regimes**, not to mention their practical impact across the shipping, trade and insurance sectors. In this newsletter, we provide an overview of what the snapback entails, the scope of the reinstated measures, and the key implications for operators in maritime supply chains.

2. The JCPOA

The Joint Comprehensive Plan of Action (“**JCPOA**”) reached in July 2015 between Iran and a group of world powers – i.e., France, Germany, and the UK (“**E3**”), the EU, China, Russia, and the US – was an agreement to restrict Iran’s nuclear programme in exchange for broad sanctions relief.

The JCPOA came after years of Security Council action that had subjected Iran to a series of binding resolutions between 2006 and 2010. Those measures formed the foundation for broader autonomous measures by the EU and the US, while Russia and China largely confined themselves to the UN framework.

Under the JCPOA, **Iran agreed to scale back its nuclear activities, limit enrichment, and accept enhanced IAEA¹ monitoring**. In exchange, the deal offered sanctions relief and was given legal authority through United Nations Security Council Resolution 2231 (“**UNSCR**”).

¹ International Atomic Energy Agency.

2231”), which endorsed the JCPOA and terminated the earlier UN sanctions regime. Acting in accordance with UNSCR 2231, the EU suspended its nuclear-related restrictive measures, the US applied waivers to its secondary sanctions, and the UK – still an EU member at the time – implemented both EU law and its UN obligations.²

UNSCR 2231 also envisaged a snapback mechanism to ensure that sanctions relief could be reversed in the event of Iran’s non-performance.

Specifically, in accordance with Arts. 11–12 of UNSCR 2231, any JCPOA participant State may notify the Security Council of a perceived **significant non-performance** by Iran. Following a notification, the Security Council has **30 days** to vote on a resolution to **continue the sanctions relief** granted under the JCPOA. If no resolution is adopted, then **all UN sanctions previously terminated are automatically reimposed** after the 30-day period – without the need for further approval or consensus.

3. The US snapback from the JCPOA and further Iran-related measures

To provide context on the Iran sanctions landscape: On 8 May 2018, President Trump announced the US would **withdraw from the JCPOA**, directing agencies to reimpose the sanctions lifted under the deal.

The sanctions were reinstated in **blocks**, with **wind-down periods of 90 or 180 days** to allow companies to cease previously permitted activities.³

² The sanctions were never **fully** lifted under the JCPOA framework. At UN level, certain restrictions (e.g., arms- and missile-related measures under UNSCR 2231) remained in place. The EU lifted most nuclear-related sanctions in 2016 but **retained the arms embargo, missile restrictions, and all measures related to terrorism and human rights**. The US suspended a **number of secondary nuclear-related sanctions but kept its primary embargo in force, in addition to sanctions related to terrorism, human rights and ballistic missiles**. Similarly, the UK, then part of the EU and later autonomously, **never fully lifted its measures**.

³ The reimposed sanctions included the following (among others):

- **Effective 6 August 2018 (after 90-day wind-down):**
 - Ban on the purchase/acquisition of **USD banknotes** by the Iranian Government.
 - Restrictions on trade in **gold and other precious metals**.
 - Ban on the direct or indirect sale, supply or transfer to/from Iran of **graphite, raw and semi-finished metals (including aluminium and steel), coal, and industrial software**.
 - Prohibitions on **significant transactions in IRR**.
 - Measures targeting the **issuance of Iranian sovereign debt**.
 - Sanctions on the **automotive sector**.
- **Effective 4 November 2018 (after 180-day wind-down):**
 - Sanctions targeting **Iranian port operators** and the **shipping and shipbuilding sectors**, including **IRISL, South Shipping Line and affiliates**.
 - Restrictions on **petroleum-related transactions**, including the purchase of Iranian oil, petroleum products and petrochemicals.
 - Sanctions on the **Central Bank of Iran** and other designated Iranian financial institutions.
 - Prohibition on the provision of **specialised financial messaging services** (e.g., SWIFT) to Iranian banks.
 - Ban on the provision of **insurance and re-insurance services**.
 - Comprehensive measures targeting **Iran’s energy sector**.

Between **late 2024 and 2025**, the US significantly reinforced its Iran sanctions framework.

Following a new determination in October 2024,⁴ **Executive Order 13902** (“**EO 13902**”) now formally applies **secondary sanctions** – including potential exclusion from the US market and financial systems – to all foreign actors that provide goods, services or support to Iran’s petroleum and petrochemical sectors.

The new designation under EO 13902 gives **OFAC** further authority to impose sanctions on non-US persons who:

- operate in the Iranian petroleum or petrochemical sectors;
- engage in significant transactions involving goods or services for those sectors;
- provide material or financial support to individuals sanctioned under EO 13902; or
- are owned or controlled by, or act on behalf of, sanctioned individuals or entities.

This was followed by National Security Policy Memorandum 2 (issued in **February 2025**), which directs US agencies to pursue a “full-spectrum pressure campaign”: The Treasury is tightening enforcement and revoking licences; the State Department is instructed to push Iranian export flows towards zero; the Department of Commerce is reinforcing export controls; and the Department of Justice is actively pursuing prosecution of evasion networks.

In **April 2025**, OFAC issued a **maritime advisory** specifically warning the shipping and energy sectors of Iran’s escalating use of deceptive practices – including shadow fleets, opaque ownership chains, falsified documentation, STS transfers with AIS disabled, and identity manipulation. Industry actors are now expected to implement **enhanced due diligence**, including:

- verification of cargo origin, vessel flag and insurance credentials;
- continuous AIS/LRIT monitoring;
- extended KYC/KYV/KYCC across ownership and intermediaries; and
- use of contractual termination clauses covering sanctions breaches and deceptive conduct.

⁴ Determination made under Section 1(a)(i) of EO 13902 dated 10 January 2020.

4. The USCR 2231 snapback mechanism

On **28 August 2025**, the **E3** formally notified the UN Security Council of Iran's "significant non-performance" of JCPOA commitments.⁵ This letter initiated **the 30-day snapback countdown**, which could only be halted if the Security Council adopted a new resolution – with at least 9 votes and no vetoes – to continue sanctions relief for Iran.

On **26 September 2025**, the Security Council held closed consultations on the Iran snapback process. Russia and China introduced a **draft resolution** seeking to **delay** or effectively **extend** the operation of UNSCR 2231, thereby maintaining sanctions relief for Iran for an additional 6 months.

The draft failed, with 9 votes against, 4 in favour (China, Russia, Pakistan and Algeria) and 2 abstentions. With no alternative resolution adopted during the 30-day snapback period, the mechanism under UNSCR 2231 applied automatically: at **00:00 GMT on 28 September**, all UN sanctions on Iran previously lifted were **reimposed**.

5. What happens now?

A) United Nations

Effective **28 September 2025** at 00.00 GMT, all provisions set out in the following resolutions were formally **reimposed** and now apply in the same manner as they did before the adoption of UNSCR 2231 and the JCPOA:

- **UNSCR 1737 (2006)** – introduced financial sanctions targeting individuals and entities involved in Iran's nuclear and ballistic missile programmes, alongside export controls on nuclear-related equipment and technology.
- **UNSCR 1747 (2007)** – extended the embargo by prohibiting Iranian arms exports and adding further asset freezes, including measures against banks associated with the IRGC.⁶
- **UNSCR 1803 (2008)** – broadened the travel ban regime, expanded the list of frozen assets, and authorised cargo inspections relating to Iranian shipments.
- **UNSCR 1929 (2010)** – imposed restrictions on Iran's access to heavy conventional weaponry and tightened financial sanctions, again with specific reference to entities linked to the IRGC.
- **UNSCR 1696 (2006)** and **UNSCR 1835 (2008)** – demanded Iran halt its uranium enrichment activities; although they did not

⁵ Foreign, Commonwealth & Development Office and The Rt Hon David Lammy MP, *E3 joint statement on Iran: Initiation of the snapback process*, press release, 28 August 2025, available [here](#).

⁶ Islamic Revolutionary Guard Corps.

introduce additional sanctions at the time, those obligations have now also been reinstated.

B) European Union

On **29 September 2025**, the Council of the EU agreed to reimpose the restrictive measures on Iran that had been suspended since 2016 under the JCPOA.

The package reinstates both the **UN-mandated sanctions** (some of which are highlighted above) and the EU's own **autonomous measures**, which go further than the UN framework.

The EU's nuclear sanctions framework against Iran continues to be based on, among other things, Council Regulation (EU) No 267/2012 ("**EU Regulation 267/2012**") and Council Decision 2010/413/CFSP.⁷

The snapback package of **29 September 2025** thus consists of:

- **Council Regulation (EU) 2025/1975** amending **EU Regulation 267/2012**;
- **Council Decisions (CFSP) 2025/1972 and 2025/1978**, which reinstate the nuclear-related prohibitions that had been put on hold, while leaving in place the non-nuclear measures that were already applicable; and
- the **accompanying Council Implementing Regulations (EU) 2025/1980 and 2025/1982**, which update the annexes to include re-listed individuals and entities, ensuring continuity with the UN snapback framework.

The new sanctions package combines a broad range of measures: new designations of individuals and entities linked to the nuclear and defence industries; tighter export restrictions on dual-use goods and advanced technologies; additional financial restrictions, including limits on banking and investment activities; and measures aimed at curbing Iran's role in arms transfers and regional destabilisation.

Within this broader framework, the EU has also adopted **a set of targeted provisions on shipping and maritime activities**. These are examined in detail below.

⁷ These instruments were never repealed but had been partially suspended following the JCPOA.

❖ Crude oil, petroleum products and petrochemical products

Arts. 11–14 of EU Regulation 267/2012⁸ introduce a comprehensive ban on the Union's trade in Iranian crude oil, petroleum products,⁹ and petrochemical products.¹⁰

It is prohibited to **import** such products into the Union **if they originate in or are exported from Iran**, to **purchase** them **if they are located or originated in Iran**, or to **transport** them **if they originate in Iran or are being exported from Iran to third countries**.

The prohibitions extend beyond physical trade: they also cover the direct or indirect provision of **financing** and **financial assistance**, including financial derivatives, as well as **insurance and re-insurance**, whenever such services are related to the import, purchase or transport of crude oil, petroleum or petrochemical products of Iranian origin or that have been imported from Iran.

Certain transitional provisions and derogations apply. Notably, contracts concluded **before 30 September 2025**, including ancillary contracts necessary for their execution, may still be performed **until 1 January 2026**.

This also covers contracts that expressly provide that the supply of Iranian crude oil, petroleum or petrochemical products – or the proceeds derived from them – are for the reimbursement of outstanding amounts owed to persons, entities or bodies under the jurisdiction of Member States.

Likewise, products **exported from Iran before 30 September 2025**, or exported under contracts concluded on or before that date, **are not subject to the prohibitions**.

❖ Bunker fuel

Special provisions exist for **bunker fuel**. The purchase of bunker oil produced and supplied by a third country (other than Iran) for vessel propulsion is permitted, as is the purchase of bunker oil required for the propulsion of a vessel which, under force majeure, has been compelled to enter a port in Iran or Iranian territorial waters.

In all above cases, the person, entity or body performing the contract must notify the competent authority of the Member State concerned at least 20 working days in advance in order to invoke these derogations.

Finally, although insurance and re-insurance services are generally prohibited, an exception applies **until 1 January 2026** for **third-party liability insurance and environmental liability insurance and re-insurance**.

⁸ As subsequently amended.

⁹ Both as defined in Annex IV to EU Regulation 267/2012.

¹⁰ As defined in Annex V to EU Regulation 267/2012.

❖ Natural gas

Art. 14a of EU Regulation 267/2012 introduces a prohibition on **natural gas** connected with Iran. It is forbidden to purchase, transport or import into the Union natural gas which originates in, or has been exported from, Iran. The prohibition also extends to the **swapping of natural gas streams**¹¹ when Iranian gas is involved, and to the direct or indirect provision of **brokering services, financing or financial assistance** (including financial derivatives), as well as **insurance and re-insurance** related to these activities.

Derogations apply in specific situations. The above prohibitions do not extend to:

- natural gas exported from a State other than Iran where Iranian gas has been mixed within the infrastructure of that other State;
- the purchase of natural gas within Iran by nationals of Member States for civilian purposes (such as residential heating or power) or for the maintenance of diplomatic missions; or
- the execution of contracts for the delivery of natural gas originating in a third State other than Iran into the Union.

❖ Gold and precious metals

Art. 15 of EU Regulation 267/2012 prohibits trade in **gold, precious metals and diamonds** listed in Annex VII to the regulation, when such trade is linked to the Government of Iran or entities under its control. Specifically, it is forbidden to:

- sell, supply, transfer or export these goods to the Government of Iran, its public bodies, corporations and agencies, or to persons or entities acting on their behalf or under their control; and
- purchase, import or transport these goods from the abovementioned Iranian parties, regardless of whether the goods originate in Iran.

The prohibition also extends to the direct or indirect provision of technical assistance, brokering services, financing or financial assistance related to such transactions.

❖ Metals

The snapback also reinstates the sectoral bans on metals and related services. Under Art. 15a, the EU once again prohibits the **export or supply of graphite and a range of raw or semi-finished metals listed in Annex VIIB**, whenever destined – directly or indirectly – for Iran or for use in Iran. This includes items with potential relevance to industrial or dual-use applications, such as those linked to the IRGC or Iran's nuclear and ballistic programme.

¹¹ I.e., exchanging natural gas streams from different origins.

Art. 15b completes the picture on the services side: it is prohibited to provide technical assistance, brokering, financing or financial assistance related to Annex VIIIB goods or to their manufacture, maintenance or use in Iran.

A short transitional window remains. Indeed, Art. 15c allows contracts concluded before **30 September 2025** – and any ancillary contracts strictly necessary for their performance – **to run until 1 January 2026**. After that date, the prohibitions will apply in full without derogation.

❖ Restrictions on transport

To ensure compliance with the prohibitions on military and dual-use goods, Art. 36 of EU Regulation 267/2012 imposes specific transport-related obligations. In particular, any person providing pre-arrival or pre-departure information to the competent customs authorities must declare whether the goods fall under the **EU Common Military List** or other items restricted under **Art. 5¹² of EU Regulation 267/2012** and, where relevant, specify the particulars of any export licence granted.

This measure aims to prevent the illicit transfer of goods and technology covered by the Common Military List or other prohibited items. Declarations are made through the normal customs entry and exit summary declaration procedures, with the additional information to be submitted either in written form or via a customs declaration.

❖ Bunkering services

Art. 37 prohibits **the provision of bunkering or ship supply services to, or any other servicing of, vessels directly or indirectly owned or controlled by an Iranian person or entity**, whenever there are grounds to believe that the vessels are carrying **goods covered by the Common Military List or other prohibited items**. Services may be provided only if strictly necessary for humanitarian or safety purposes.

Similarly, the provision of engineering and maintenance services to cargo aircraft owned or controlled by Iranian persons or entities is prohibited if there are reasonable grounds to believe that the aircraft is transporting restricted goods, unless justified on humanitarian or safety grounds.

The competent authorities may inspect, seize or dispose of cargo in breach of these prohibitions, in line with national legislation.

¹² Art. 5 of EU Regulation 267/2012 (as subsequently amended) prohibits the provision of technical assistance, brokering services, financing or financial assistance in relation to goods and technology listed in the Common Military List or in Annexes I and II, as well as their sale, supply, transfer or export to Iran. Authorisations may only be granted subject to strict conditions and cannot relate to enrichment, heavy-water or reprocessing activities, nuclear weapon delivery systems, or other activities identified as problematic by the IAEA.

❖ Classification and technical services

Art. 37a stipulates that as of **1 January 2026**, it is prohibited to provide classification and related technical services in respect of oil tankers and cargo vessels flying the Iranian flag or owned, chartered or operated, directly or indirectly, by an Iranian person or entity.

The prohibition covers all forms of classification and certification services, including:

- the production and application of classification rules and technical specifications concerning ship design, construction, maintenance and management systems;
- the performance of surveys and inspections in accordance with classification rules and procedures;
- supervision and participation in ship design, construction, repair or conversion, including related technical assistance and financing;
- inspection, testing and certification of marine equipment, and supervision of system integration; and
- the performance of surveys, audits, visits and endorsements of statutory certificates required under international maritime conventions (e.g., SOLAS, MARPOL, COLREG, STCW, and Tonnage).

❖ Vessels for oil and petrochemical products

It is prohibited to make available vessels designed for the **transport or storage of oil or petrochemical products to Iranian persons or entities**. The prohibition also applies to the provision of such vessels to other persons or entities, unless appropriate measures have been taken to ensure that the vessels will not be used to carry or store Iranian-origin crude oil, petroleum or petrochemical products.

This prohibition is without prejudice to the execution of obligations under pre-existing contracts and ancillary contracts covered by the derogations for crude oil, petroleum products and petrochemical products, on condition that the import and transport of that oil or those products have been duly notified to the competent Member State authorities.

❖ New listings

Council Implementing Regulations (EU) 2025/1980 and 2025/1982 have amended **Annexes VIII** and **IX** to EU Regulation 267/2012, which list the persons, entities and bodies whose assets must be frozen.

C) United Kingdom

On **29 September 2025**, the UK designated **62 entities and 9 individuals** under the Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019, including senior officials in Iran's nuclear programme and major financial and energy institutions.

OFSI has also issued **four general licences** to allow for limited wind-down activity following the Iran snapback. These cover:

- the wind-down of transactions with UK-based Iranian banks, permitted until 12 November 2025;
- the wind-down of transactions with a wider set of Iranian banks worldwide, permitted until 28 October 2025;
- the wind-down of transactions with the UK-based Iranian entities Iran Insurance Company and NIOC International Affairs Ltd, permitted until 28 October 2025; and
- the continued operation of the Shah Deniz JV, subject to no direct payments to NICO¹³ and ring-fencing of any indirect payments.

OFSI has also clarified that **all pre-2015 UN-derived licences are now void**, and **re-designated persons must reapply under the current UK regime**.

6. Conclusion

The reinstatement of UN sanctions through the Iran snapback marks a significant shift towards renewed coordination among major jurisdictions. Though many of the reinstated measures mirror pre-JCPOA restrictions, the UK, EU and US are implementing them through updated regulatory frameworks with narrower carve-outs and stricter procedural obligations.

Stakeholders across sectors – in particular those involved in **energy, shipping, insurance, trade finance and logistics** – should closely monitor the implementation of these measures and assess any impact on existing or residual dealings with Iranian counterparties, including **legacy contracts, intermediated structures and indirect exposures**.

Given the pace of change and the layered interaction between the **UN, EU, UK and US regimes**, continued vigilance will be essential to ensure alignment with evolving licensing conditions and wind-down deadlines.

For an in-depth analysis of other restrictive measures in following the application of the snap back mechanism, see the newsletters published by our Corporate Compliance & Investigations Focus Team and our Public International Law & Economic Diplomacy Focus Team.

¹³ Naftiran Intertrade Company.



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The focus team is a constellation of skills in different practice areas with a focus on shipping, transport and logistics.

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