

SPV to enable trade with Iran

Germany, France and Britain have launched an EU-backed “special purpose vehicle” (SPV) to insulate trade with Iran from U.S. sanctions on Tehran. Called INSTEX, the SPV is a mirror image transaction system

1 European importer:
Buys oil from Iranian exporter and provides INSTEX with relevant documentation



2 European exporter:
INSTEX matches sale with exporter selling machinery to Iran

I N S T E X
Instrument in Support of Trade Exchanges: Based in Paris. Shareholders are governments of Germany, France and Britain. Governments provide working capital, INSTEX charges commission fee for use of its services



3 Payment:
INSTEX approves payment from European oil importer to European machinery exporter



4 Payment completed:
INSTEX tops up funds to pay exporter if needed

5 Transaction completed:
Iranian counterpart to INSTEX coordinates similar payment from Iranian importer of machinery to Iranian oil exporter



6 Sanctions averted:
Payments between Europe and Iran are replaced with payments that do not cross Iran's borders