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Removing the Barriers *Prospects for Sanctions Relief Under a Final Nuclear Deal with Iran*

POLICY BRIEF



By Elizabeth Rosenberg

Getting Iran to sign on the dotted line of a final nuclear accord – a deal in which it will inevitably make significant concessions – is only possible if Tehran receives credible sanctions relief. Delivering this relief will take coordinated multilateral efforts to lift many of the economic restrictions on Iran that are enshrined in laws and regulations in a variety of countries. It will also require a major outreach effort to the private sector in order to ensure that any sanctions relief promised on paper is realized in practice. For the international community negotiating with Iran, there is a tremendous strategic necessity to make sure that economic relief in a deal is indeed delivered. If this relief is not credible, Iran will see little incentive to implement its end of the bargain. The security consequences of this are grave, since the breakdown of a nuclear deal could cause the international community to lose leverage with Iran.

There are a variety of challenges associated with delivering economic relief to Iran through the lifting of international sanctions. The technical and legal work of removing sanctions is not one of them. The difficulty in delivering economic relief comes from the private sector's uncertainty regarding whether a deal will last. This uncertainty stems from decades of illicit Iranian activities and isolation from international trade and financial transactions, and has resulted in an extremely cautious culture of compliance with Iran sanctions among private companies. These factors have caused virtually all international banks and businesses to stay away from even permitted dealings with Iran while tough sanctions have been in place. In practice, private companies have proceeded in deals with Iran only when they have had a high degree of legal certainty that they will not violate sanctions.

Now, under a six-month interim nuclear agreement between Iran and the international community, set to expire on July 20, 2014, private companies are still behaving with extreme caution in their business dealings with Iran. Banks and businesses have not cheated on sanctions during this period, and they will be very cautious about dealing with Iran in the future even if a final nuclear agreement is signed. If the United States and the European Union (EU) offer Iran relief from their extensive

sanctions under such a final deal, there will not be a tremendous, immediate rush of commerce into Iran, nor a crumbling of the international sanctions regime targeting Tehran.

Some hawkish U.S. legislators and private citizens skeptical that international negotiators will be able to deliver a worthy nuclear deal with Iran have recently reinvigorated calls for a new round of punishing “smart sanctions.”¹ Such new sanctions would attempt to compel Iranian leaders to make nuclear concessions, and to cease their support for terrorism, money laundering and human rights abuses. Exposing Iran’s illicit activities and using existing U.S. sanctions authorities to go after terrorist activities, human rights violations, and nuclear proliferation is extremely important work. However, U.S. sanctions authorities already exist to expose and condemn such illicit activity. New sanctions will not produce and sustain a diplomatic solution to the Iranian nuclear crisis. Instead, they will undermine nuclear diplomacy and could cause Iran and the other members of the P5+1 to walk away from a potential final deal.

The prospect of sanctions *relief* is what brought Iran to the nuclear negotiating table and it is what will continue to motivate the Iranian government. Due to the biting nature of U.S. sanctions on Iran in particular, U.S. policymakers in the administration and Congress have an important role to play in offering Iran palpable relief from sanctions, opening legal pathways for new business and offering clear guidance about what kinds of economic activity would be permitted under a potential deal. Through tough enforcement of the U.S. sanctions still in effect under a potential deal, the administration must clarify which restrictions are still in place and will be enforced. Congress must also play a lead role in bringing Iran along in a deal. It should offer strong signals that it will support or at least tolerate a nuclear deal and not play a spoiler role.

If Congress does threaten or impose new “smart sanctions,” it could severely erode the credibility of economic relief to Iran and scuttle a deal.

Efforts to deliver credible sanctions relief are not merely the work of upholding the international community’s side of the an agreement with Iran. They are necessary for the durability of a nuclear deal, the preservation of the international financial sanctions architecture, and for maintaining the credibility of U.S. diplomatic commitments. This paper first outlines the mechanics of lifting some U.S. sanctions on Iran and then discusses several factors bearing on the implementation of this relief, including private sector and Congressional reaction to a potential nuclear deal.

The Mechanics of Lifting Sanctions

Elected to improve Iran’s economic conditions, last year Iranian President Hassan Rouhani launched a major effort to correct domestic economic mismanagement and brought Iran to the nuclear negotiating table in order to seek relief from the sanctions that have devastated the Iranian economy. Particularly over the last several years, a complex web of international sanctions on Iran has significantly curtailed Iran’s ability to earn and move money. Measures put in place by the United Nations, the United States, the EU and several other countries have denied Iran over \$100 billion in oil revenue since 2011, contributed to a 60 percent loss in rial value, and led to an economic contraction in Iran of 6 percent last year.² Relief from sanctions is particularly important to rapidly improve economic conditions in Iran and to satisfy domestic expectations for recovery. In particular, Iran wants to see a lifting of U.S. sanctions, as they are more extensive and crippling than sanctions imposed by other countries.³

THE JOINT PLAN OF ACTION

The United States, China, France, Russia and the United Kingdom, which comprise the permanent

five members of the UN Security Council, as well as Germany (the P5+1), offered Iran moderate sanctions relief in exchange for freezing and rolling back some elements of its nuclear program under the six-month interim agreement, the Joint Plan of Action (JPOA).⁴ The JPOA took effect on January 20, 2014, and included the waiving of some U.S. financial sanctions that restricted Iran's energy, automobile, petrochemical and airplane parts trade, a limited ability to repatriate reserves and efforts to facilitate humanitarian trade. The JPOA agreement also included action by the EU Council to suspend similar sanctions measures incumbent on EU companies.

International businesses and banks do not appear to have violated those sanctions still in place under the terms of the JPOA. This is a testament to the unwillingness of companies to risk the financial and reputational harm of violating sanctions, and demonstrates the broad uncertainty about the prospects for a final nuclear deal and future multilateral sanctions regime. Skeptics of JPOA's limited, gradual premise predicted that international companies would flock to Iran and sign new deals in flagrant violation of those sanctions untouched by the interim agreement, thus undermining the leverage of the P5+1 in final nuclear negotiations and the architecture of sanctions on Iran. While many official and unofficial trade missions from Europe, Asia, Latin America, the Middle East and the United States have traveled to Iran over the last several months, their activities have been restricted to researching new business opportunities and building relationships.⁵

Senior U.S. officials indicate that the \$7 billion in relief that they predicted would accrue to Iran during the JPOA period may have been an overestimate. At the beginning of July, only weeks before expiration of the JPOA, administration officials said that Iran's economic gain during this six-month period

“may even be less” than they had estimated.⁶ This is the case even while Iranian oil exports averaged 1.3 million barrels per day for the first four months of 2014, a level above the “approximately” 1 million barrels per day level that the JPOA specified.⁷ The elevated level of actual trade led many to believe that Iran was cheating on the JPOA terms, but U.S. State Department officials have indicated that these elevated export levels did not violate the technical terms of the deal.⁸ While new petrochemical, automobile, gold and airplane part business is permitted under the JPOA, the six-month period of the agreement has ultimately proved too short a time to conclude much of this business with confidence that there would be no insurance or warranty strings left hanging.⁹ Even processing payments for the repatriation of \$4.2 million of Iranian reserves restricted abroad, another sanctions relief measure of the JPOA, has proved challenging and has been subject to delays.¹⁰

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The case of Western humanitarian aid to Iran reflects another remarkable indication of the strength of the existing sanctions untouched by the JPOA, and the extreme level of private sector caution about dealing with Iran during the past six months. Since trade restrictions were imposed on Iran in 1979, U.S. and multilateral sanctions have always permitted humanitarian trade. However, international banks have declined to facilitate many transactions for humanitarian trade for fear of accidental violation. In the framework of the JPOA, the P5+1 took the extraordinary step of establishing

a dedicated financial channel for trade in food and medicine with Iran. Even with the reassurance of this dedicated channel, over the past six months international banks have been unwilling to risk violating sanctions by facilitating this trade. Thus humanitarian trade transactions do not appear to have occurred.¹¹

The wariness exhibited by international companies contemplating permitted business with Iran during the JPOA period offers insight into what private sector engagement with Iran will look like under a final nuclear deal. Even in a scenario where there is a final deal reached between Iran and the P5+1, businesses and banks are likely to remain nervous about violating the sanctions that remain in place and navigating Iran's challenging business environment. As a result, for Tehran to feel real relief from the sanctions, after signing an agreement, the Iranian government will have to work hard to ensure that its investment, legal and regulatory regimes are hospitable to foreign partners. Also, and crucially, the P5+1 will have to exert extraordinary efforts to clarify the new trade and investment opportunities offered as sanctions relief under a potential deal so that companies will, in practice, engage in this new business.

RELIEF MECHANISMS UNDER A FINAL DEAL

If the P5+1 and Iran reach a successful final agreement, either by the JPOA deadline of July 20, 2014, or during a subsequent six-month extension, the P5+1 must closely coordinate to offer Iran further sanctions relief in exchange for additional nuclear concessions. The U.S. administration and the EU Council can do so by using their independent authority to provide relief from a variety of different sanctions on the books in the United States and the EU.¹² In the first stages of final nuclear deal, the United States and the EU could include the rapid release of some of the billions of dollars of Iran's oil revenues restricted in foreign banks, and allow

for an immediate ability for Tehran to sell greater volumes of oil to international buyers. Initially, sanctions relief offered by the United States under a final deal will likely involve the use of U.S. national security interest waivers provided in sanctions statutes, such as the Iran Sanctions Act, the National Defense Authorization Act of 2012 and the Iran Freedom and Counter-Proliferation Act of 2012. Waiver authorities to lift sanctions are temporary and renewable, but they are nonetheless powerful and may be sustained indefinitely or until certain sanctions statutes expire. The U.S. administration can also provide further sanctions relief under a final deal by issuing licenses and using discretion in implementation or removal of sanctions under Executive Orders.

In order to terminate major sanctions statutes created by Congress, U.S. lawmakers will have to enact new legislation. However this is not necessary under a final deal, or particularly desirable during its early stages. The practical effect of sanctions relief will be the same whether sanctions are terminated or waived. Leaving sanctions statutes on the books while Iran builds a record of compliance with a nuclear deal is a prudent strategy that leaves the door open to rapidly reapply sanctions if Iran violates the terms of a deal. This may undermine the confidence of Iran and the private sector that a lifting of sanctions is permanent and relief will be durable. However, it is impossible to make sanctions relief "permanent" or "irreversible," as some Iranians would like.¹³ If statutes are terminated, policymakers can re-impose them immediately. For example, the 2011 imposition of comprehensive and disabling sanctions on Libya occurred in a matter of days.¹⁴

WHAT SANCTIONS WILL GO? WHAT SANCTIONS WILL STAY?

What will ultimately be offered as sanctions relief to Iran under a final nuclear deal will be a function of what P5+1 negotiators will reasonably give up to

achieve meaningful nuclear concessions from Iran. The Joint Plan of Action specifies that sanctions relief will be “related to Iran’s nuclear programme.”¹⁵ International negotiators have declined to name which of the myriad sanctions authorities and designations fit this description.¹⁶ With 10 statutes and 26 Executive Orders that relate to Iran, many of which are tied at least loosely to Iran’s illicit nuclear activities and procurement networks, the United States has a broad menu from which to choose when contemplating sanctions relief. The EU, with many fewer sanctions on the books, has narrower choices. A strict reading of what “nuclear-related” sanctions entail is less relevant to contemplating what a final deal with Iran will entail than the political and practical flexibility that a vague definition offers to negotiators in deciding what sanctions to lift.

U.S. and EU sanctions relief for Iran under a final deal will likely extend and expand the energy and financial services sectors of relief included in the JPOA. Sanctions in these areas have the greatest effect on Iran, and are therefore the sanctions for which Iran will make the greatest nuclear concessions to see relief. In particular, Iran would like to see an increased ability to export oil above current levels, gain access to its \$100 billion in restricted foreign exchange reserves and make greater use of the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system, a platform for international financial payment messaging.¹⁷

Regardless of what sanctions relief is offered to Iran as part of a potential deal, the P5+1 will surely reiterate to Iran and the international community that sanctions targeting terrorism, human rights, regional destabilization and other illicit activities will remain in place. This includes sanctions on various Iranian banks, private companies, individuals and government agencies, such as those with ties to al-Qaeda, Hamas, Hizballah, the Islamic

Revolutionary Guard Corps Qods Force, and Iran’s notorious Ministry of Intelligence and Security. The United States has enforced its sanctions during the JPOA period, including on energy sector evaders. If the P5+1 and Iran achieve a final deal, the United States should aggressively enforce sanctions on the books to send a strong signal to would-be cheaters about what will, and will not, be “open for business.”

THE PACE OF SANCTIONS RELIEF

The “reciprocal, step-by-step” sanctions relief that the P5+1 will offer Iran under a potential deal will mean that economic concessions to Iran, enabled by a lifting of primarily U.S. and EU sanctions, will come in stages over a period of many years. Sanctions relief will be offered in exchange for parallel nuclear concessions. This model can deliver credible sanctions relief for Iran and offer Tehran a powerful incentive to stick with a deal. However this process will have to feature quite substantial relief at the front end of the deal for Iran to, in turn, make substantial initial concessions on its nuclear program. The United States and the EU should do this by increasing Iran’s ability to make and move money, particularly related to its energy sector, in exchange for concessions in both nuclear enrichment and stockpiling. All negotiating parties are likely to see as inadequate any deal that does not offer a meaningful advance toward the end state in the earliest stages of a deal.

Later-stage relief in a potential deal could include permission for new development of oil and gas reserves, a major economic prize for Tehran that could structurally change and massively improve the state’s revenue-generating capacity. This would mean that hard-hitting U.S. sanctions would have to be lifted to allow investment by foreign oil companies in new energy development. This could occur, de facto, several years from now. Unless Congress acts, a number of the toughest provisions

preventing foreign company participation in the Iranian oil sector will expire. They are contained in the Iran Sanctions Act, which will sunset at the end of 2016.

Relief in Practice: The Role of the Private Sector

After years of Iran's isolation and record of illicit activities, companies and banks are wary of the Iranian brand. They want to avoid bad business bets and the massive civil and criminal penalties that the United States has imposed on companies for violating sanctions. Notwithstanding these concerns, there is considerable investor enthusiasm for new business opportunities in Iran. The challenges to achieving these opportunities, however, will be a major speed bump on the path to expanding economic ties between Iran and the international financial system. They will also be a major impediment to the provision of credible sanctions relief to Iran. Though the P5+1 may create avenues for sanctions relief as part of a nuclear deal with Iran, the P5+1 cannot direct the manner in which the private sector deals with Iran or the speed at which that will occur.

International banks represent the most cautious commercial sector when it comes to dealing with Iran. They are extremely careful about the legal and reputational risks that go along with sanctions evasion. Banks have paid a very high price for violating sanctions, both in financial penalties and in reputational damage. In June, the French bank BNP was fined \$9 billion by U.S. regulators and ordered to temporarily halt U.S. dollar clearing. This followed a \$1.9 billion penalty for HSBC in 2012 and penalties on Standard Chartered Bank, the Royal Bank of Scotland and others. Overcoming the reticence of international banks to do business with Iran will require the P5+1 to issue clear regulatory guidance about which multilateral sanctions are lifted, and extensive signals about political support for a deal.

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Additionally, U.S. officials will need to conduct major outreach efforts to foreign banks and their regulators to explain the terms of a final deal and how U.S. sanctions on foreign entities will function under such an agreement. These steps, while technical, are essential to bolstering the credibility of sanctions relief offered to Iran under a nuclear agreement and the durability of a deal.

LAYING THE GROUNDWORK FOR FUTURE BUSINESS

Iran is working hard to entice European companies to invest in Iran, and possibly U.S. companies as well, given their access to sophisticated technology and project management experience. Iran recently cancelled an oilfield development contract with China National Petroleum Corporation due to poor performance, a move that will free up energy sector opportunities for preferable European service providers.¹⁸ Iran needs substantial international energy company investments to stem high rates of production depletion, increase low rates of oilfield recovery and to significantly expand natural gas production for the export market.¹⁹

For their part, foreign companies are eager to develop new business with Iran, given the country's large, relatively young and well-educated population of nearly 80 million people. Also, Iran possesses the fourth highest oil reserves and second highest gas reserves in the world.²⁰ However, while foreign companies have been aggressively prospecting commercial opportunities in Iran and eagerly

developing and refreshing business relationships with Iranians during the JPOA period, they will wait for clear legal pathways for sanctions relief in order to expand their activities with Iran.²¹

The P5+1 must offer coordinated multilateral relief from sanctions for the vast majority of foreign companies to engage in large or long-term investments in Iran. A very high proportion of European and Asian companies that would want to invest in Iran also conduct commerce with the United States or in the U.S. dollar. These companies would risk legal penalties and sacrificing their business in the United States or in the U.S. dollar if they violate U.S. sanctions on Iran. This is true even if such trade is not forbidden in the companies' home jurisdictions. Foreign companies could also put at risk their U.S. partners or their employees who are U.S. nationals if they violate U.S. sanctions. International companies without a major presence in the United States will avoid violation of U.S. sanctions, regardless of whether other jurisdictions impose similar sanctions. Without a presence in the United States, they will not be able to seek legal recourse in the United States if they are penalized for violating U.S. sanctions.

NAVIGATING SANCTIONS RELIEF UNDER A FINAL NUCLEAR DEAL

Navigating Iran sanctions under a potential final deal will be more, not less, complicated than it is at present. Sanctions prohibitions will change and incrementally lessen over the period of deal implementation. Penalties for violations, however, will not. The business environment in Iran is challenging, corrupt in certain sectors and unfamiliar to most potential international investors.²² Several economic sectors, including the ports, construction and energy sectors, are dominated by entities with extensive experience in illicit activity. This includes proliferation transactions as well as money laundering or support for terrorism.²³ These factors will

increase the burden and cost of due diligence on foreign investors to ensure that they do not inadvertently partner with sanctioned entities or engage in activities prohibited by sanctions. This will slow investment in Iran and increase the cost of doing business there, two factors that will directly undermine the credibility of sanctions relief to Iran.

The wariness that private sector companies feel about dealing with Iran, compounded by uncertainty about whether nuclear diplomacy will hold up, will mean that companies will move cautiously in dealing with Iran under a final agreement. Initially, under a potential deal, international companies will stick to short-term trade deals or transactions that feature rapid payback.

To facilitate large-scale, multi-decade investments that may be permitted under a final agreement, the United States and the EU, because their sanctions are most extensive, will have to signal strong commitment to a nuclear deal. For major oil and gas sector deals, contract bidding and lease sales could occur early on under a deal, if permitted under the terms of an agreement. However, investors will not proceed with the major capital investment stages of energy project development until there is greater certainty regarding the longevity of a deal and sanctions relief. Even with a high tolerance for risk and aggressive desire to gain a toehold in Iran with new contracts, international oil companies will not risk sanctions violations by moving heedlessly with Tehran.

WHEN WILL U.S. COMPANIES RETURN TO IRAN?

U.S. companies and banks, and their foreign subsidiaries, are not likely to see significant sanctions relief under a potential nuclear deal with Iran. After decades of exclusion from the Iranian economy and with longstanding concerns dating from the Iranian hostage crisis, the United States will not quickly expand relations with Iran. The U.S. trade ban will remain in place even if the P5+1 and Iran

reach a nuclear deal, as the concerns that underpin this are unrelated to Iran's nuclear activity and beyond the scope of the nuclear negotiations. Additionally, even if a potential deal does allow U.S. companies to enter new commercial dealings with Iran in a limited manner, the lack of current U.S. ties with Iran will keep U.S. businesses far from the lead if international commerce returns to Iran.

Congressional Leadership on Iran Sanctions Relief

Congress has a key role to play in the success and durability of a potential nuclear deal, as it has put in place some of the most powerful international sanctions on Iran. The mere indication that it could impose further sanctions or undermine a nuclear deal with Iran will send a signal to the private sector to be wary of a more restricted business climate in Iran in the future. By contrast, support from Congress for a nuclear deal will provide an important signal to the private sector that companies can expand their business ties with Iran, in accordance with a deal. This support will therefore have a direct bearing on the palpability of economic relief for Iran from sanctions. Without the blessing—or tolerance—of Congress for a deal, potential investors will remain hesitant on dealing with Iran.

If Congress does impose sanctions, even if they are not related to Iran's nuclear activity but rather to its support for terrorism, money laundering or violation of human rights, it will be seen by Tehran as an act of bad faith. Iran will also see new sanctions from Congress as a roadblock for new international business that could be permitted under a potential nuclear deal. New sanctions will, at a minimum, limit the scope of economic relief to Iran by keeping the private sector away. More worryingly, new sanctions could cause Iran and the other members of the P5+1 to walk away from negotiations and destroy prospects for nuclear diplomacy. Smart sanctions are those tools that will support fundamental diplomatic

and security objectives, including a roll back of Iran's nuclear program. Imposing new sanctions that could collapse a potential, meaningful nuclear deal is neither smart nor strategic.

Congress should avoid playing an overt or inadvertent spoiler role if the P5+1 and Iran reach a final nuclear deal. Rather, Congress should help shape the architecture of Iran sanctions under a deal, overseeing the administration's continued enforcement of sanctions and appropriating funds to help support nuclear inspection and verification regimes. Congress can show support for a deal through public statements or by passing a resolution of support or new legislation enshrining the terms of the deal. If Congress does pass new legislation it should include reporting requirements, certifications or benchmarks that would trigger re-imposition of sanctions if Iran is out of compliance with a deal.

COORDINATION BETWEEN THE ADMINISTRATION AND CONGRESS

Past examples of the successful lifting of U.S. sanctions include the rollback of sanctions on Myanmar, Libya and what became South Sudan. They featured close coordination between the administration and Congress to change both statutory and executive authorities providing for sanctions on these countries. Similar cooperation between the administration and Congress would be needed to ensure that lifting sanctions on Iran would be successful and durable. However, a highly contentious and partisan political environment, heightened by election-year dynamics, presents a major impediment to constructive communication and collaboration between the legislative and executive branches. Notwithstanding this challenge, policymakers must be transparent, share information and concerns, and coordinate on measures to revise Iran sanctions in the future. Doing so is an absolute imperative to achieving and upholding an

historic deal to limit Iran's nuclear activities and advancing U.S. national security.

Recommendations

Given the challenges and complexity that will surround the lifting of multilateral sanctions by the P5+1 in a potential nuclear deal, there are several measures that the U.S. administration and Congress should take to preserve sanctions leverage and deliver credible relief in exchange for Iran's nuclear concessions.

- The administration should conduct an intensive, broad-ranging outreach effort to explain exactly what sanctions relief is on offer and precisely what this will entail for non-U.S. and U.S. banks and companies. This should include publishing clear guidance to forestall a flood of legal inquiries regarding interpretation of new licenses, regulations and the use of waivers. The administration should also make abundantly clear in policy statements and communications to foreign officials and banks the consequences of violating the terms of a final agreement.
- Congress should support a deal between the P5+1 and Iran, while assuming an active oversight role in deal implementation. If possible, Congress should underscore its support for a deal by passing either a resolution of support or new legislation to codify sanctions relief and certifications for re-imposition of sanctions if Iran violates the terms of a deal. This should also clarify continued concerns related to Iranian support for terrorism and suppression of human rights, including the commitment to aggressively enforce existing sanctions in these areas.

In the case that the P5+1 does not reach an agreement with Iran, or Iran actively undermines progress towards a final nuclear agreement, the U.S. administration and Congress should work together to impose new sanctions on Iran. Although it

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would be harmful to diplomacy for Congress to threaten or pass new sanctions if a nuclear deal appears possible or is achieved, preparation to do so in the event that talks collapse is wise.

- Congress and the administration should study options to expand sanctions on Iran, including a consideration of measures included in the pending bill S. 1881, the Nuclear Weapon Free Iran Act of 2013, as well as other measures. Particularly given the present tight oil market conditions, policymakers should re-evaluate the viability of removing Iran's remaining oil exports from the global market, as is proposed in S. 1881 and a parallel legislative proposal in the House, H.R. 850. If such a measure would raise oil prices to levels unacceptable to international partners and U.S. consumers, and would therefore not be implementable, policymakers should pursue an alternative approach to expanded sanctions on Iran.
- The administration should immediately pursue efforts to expand the security of oil supply in the global market and mitigate the likely price effects of further sanctions on Iranian oil exports. Reassuring the market that sufficient alternatives to Iranian oil exist will help make the potential threat of a complete international ban on Iranian oil sales credible. Supply security efforts include expanded coordination for a potential release of strategic stocks with countries in the International Energy Agency and outside this

organization. It can also include work to facilitate U.S. oil production and exports to expand global supplies. Additionally, the United States can expand coordination with Saudi Arabia and the United Arab Emirates to encourage them to tap their spare production capacity in the case of further Iran oil sector sanctions.

Conclusion

As the P5+1 and Iran enter the final stage of negotiations over Iran's nuclear program, they will wrestle with the most challenging issues such as the components and pace of calibrated multilateral sanctions relief under a potential deal. Successful diplomacy with Iran requires a coordinated approach from the international community and major outreach to the private sector to offer sanctions relief on paper and in practice. Congress must also play a supportive, leadership role in implementing and overseeing a potential nuclear deal. These efforts will be critical to maintaining the P5+1's collective economic leverage over Iran and to keep it moving towards successful, long-term implementation of a nuclear deal.

Sanctions on Iran will be in place for a very long time to come, even in a best-case outcome of the nuclear talks. Taking the necessary steps under a potential deal to delineate sanctions relief from continued restrictive measures for the international private sector and national regulatory authorities is crucial to enhance the durability of a deal. It is also fundamental to clarifying and preserving the architecture of financial sanctions if negotiations fail and a buildup of sanctions is needed. Defense of national security necessitates rigorous efforts to adapt sanctions to support diplomatic aims. This has never been truer than the present moment, as the international community faces the potential for a final nuclear agreement with Iran.

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16. There are links between Iran's economic sectors, including energy, shipping, ports, automobile or precious metals, and Iran's nuclear program, either because these sectors enrich the regime and its ability to pursue nuclear ambitions, or because deals in these sectors have masked illicit nuclear-related transactions.
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