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Iran Nuclear Deal Reached – Prospects for Sanctions Relief

On July 14, 2015, the five permanent members of the U.N. Security Council (China, France, Russia, the United Kingdom, and the United States) plus Germany (the P5+1), and Iran announced that they had reached a final deal regarding Iran's nuclear program, the so-called Joint Comprehensive Plan of Action (JCPOA).

Under the agreement, if it abides by its nuclear-related commitments and meets International Atomic Energy Agency (IAEA) verification, Iran will receive limited sanctions relief.

The JCPOA requires the P5+1 and Iran to agree to certain compromises. Specifically, Iran agrees to the following for 15 years:

- > A reduction in the number of Iranian centrifuges by two-thirds;
- > A ban on nuclear enrichment at certain key facilities and a cap on total enrichment;
- > Limits on uranium research and development at the Natanz facility; and
- > A limit on the nuclear stockpile to 300 kg.

Further, Iran must allow access to inspectors from the IAEA in perpetuity.

In exchange for these concessions, the P5+1 countries agree to a suspension of nuclear-related sanctions against Iran if Iran complies with all of its nuclear-related obligations. The parties agree to a snap-back plan in which sanctions will snap back into place within 65 days if an eight-member panel determines by majority vote that Iran is violating the nuclear provisions of the deal. The U.N. arms embargo on conventional weapons will remain in place for five years unless the IAEA conclusively determines that the Iranian nuclear program is entirely peaceful.

With respect to U.S. sanctions, importantly, the U.S. contemplates that only its nuclear-related sanctions under the JCPOA are part of the proposed sanctions relief. The U.S. currently maintains comprehensive sanctions against Iran that

restrict most U.S. person activity related to Iran. Iran remains designated as a State Sponsor of Terror by the U.S. Department of State, and certain statutory sanctions would require Congressional action to remove.

Under the Nuclear Agreement Review Act of 2015 (114 H.R. 1191), Congress now has a 60-day period to review the final agreement and vote on a joint resolution of approval or disapproval. President Obama has said that he will veto any bill that thwarts the agreement.

Before any sanctions relief is implemented, among other things, the U.N. Security Council must issue a resolution terminating all previous U.N. Security Council resolutions that impose nuclear-related sanctions on Iran, Iran must meet IAEA verification requirements, and EU and U.S. regulators must amend and adopt revised regulations.

Recognize the Limitations of Permissible Iran Activities

U.S. businesses and individuals interested in pursuing opportunities in Iran should continue to exercise extreme caution and carefully review U.S. and EU sanctions and export controls rules and regulations to determine whether proposed Iran-related activities are permissible. It is important to remember that while the final nuclear deal does call for an easing of certain sanctions against Iran (if it is approved by Congress), significant sanctions and export controls (particularly impacting U.S. companies and individuals who might deal with Iran) remain in place, and may conceivably remain in place for the foreseeable future. As of today, the U.S. sanctions against Iran remain fully in place.

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