

CLIENT ALERT

Iran Sanctions: "Historic" Framework of a Deal Announced

Apr.02.2015

After more than 16 months of negotiations, on April 2, 2015, Iran and the P5+1 (U.S., UK, Germany, France, Russia, and China) announced a "historic" framework for a potential comprehensive agreement to reduce sanctions in return for strict controls on Iran's nuclear program. The final details of a potential 'Joint Comprehensive Plan of Action' (JCPOA) will be negotiated by the parties through June 30, 2015, but "key parameters" for a potential deal were agreed and announced.

The P5+1 and Iran have been negotiating a comprehensive deal since the initial Joint Plan of Action (JPOA) was first agreed to on November 24, 2013. For the last several weeks, negotiators have conducted marathon negotiations, seeking to reach a political framework agreement by March 30, 2015 as contemplated under the twice-extended JPOA. After two days of delays, and more than nine hours of consecutive negotiations at the Foreign Secretary and Ministerial level, the key elements of that deal were reached this afternoon.

The "key parameters" of the deal are available online [here](#). None of these parameters is effective until a final deal is reached -- nor are additional details known. What is known with respect to potential relaxations in U.S., EU, and UN sanctions, and with respect to Iran's corresponding commitments, is summarized below:

Sanctions: With the exceptions of those sanctions currently suspended under the JPOA (see [previous Client Alert here](#)), all sanctions currently remain in place under the framework. The P5+1 have however indicated they are willing to relax certain sanctions under a potential JCPOA, including:

- **United States:** The United States would agree to "suspend" nuclear-related sanctions after the IAEA has verified that Iran has taken its nuclear-related steps (summarized below). The U.S. would retain the "architecture" of its nuclear-sanctions for the duration of the deal. All U.S. *nuclear*-related sanctions could "snap" back into place if Iran fails to fulfill its commitments.
- Importantly, the U.S. will retain all current sanctions on Iran related to terrorism, human rights abuses, and ballistic missiles.
- **European Union:** The EU would agree to suspend all nuclear-related sanctions after the IAEA verified Iran had completed its nuclear-related steps.
- **United Nations:** All UN sanctions would be lifted "simultaneously" with Iran's completion of key nuclear actions (related to enrichment, Fordow, Arak, transparency, and weapon-related measures).
- A new UN resolution would then be simultaneously agreed to endorse the JCPOA while re-establishing key controls including: restrictions on transfers of sensitive technologies and activities; creation of a controlled procurement channel; restrictions on ballistic missiles and conventional arms; cargo inspections; and asset freezes.

Iran's Commitments: In exchange, Iran would agree to "unprecedented" controls on its nuclear program, including substantial restrictions on its enrichment capacity, level, and technology. Iran would agree to convert its Fordow facility to a research center, remove 2/3 of that facility's enrichment capacity, and place the facility and removed capacity under IAEA inspection. Iran would agree to redesign and rebuild its plutonium reactor at Arak based on a design agreed to by the P5+1 and to ship all spent fuel from the reactor out of Iran. More generally, Iran would also agree to an inspection regime on its nuclear facilities and supply chain, described by President Obama as "the most intrusive" in history. According to the President, under that regime, "if Iran cheats, the world will know."

Next Steps: None of these provisions has taken effect. Negotiations will now continue on the technical details and annexes of the JCPOA until June 30, 2015. The P5+1 and Iran all indicated their intention to finalize a deal, but that there remains a real possibility that this framework could still collapse.

Simultaneously, all parties to the agreement will now begin the process of selling the potential deal to their domestic and international stakeholders, many of whom may be equally or more skeptical of a deal than the negotiating parties across the table. Hardliners in Iran are known to be skeptical of any potential restrictions on their nuclear program. Israeli Prime Minister Netanyahu has already denounced the deal.

So too have members of the U.S. Congress. In response to the announcement, Senate Foreign Relations Committee Chairman Bob Corker (R-TN) and co-sponsor Senator Robert Menendez (D-NJ) have announced they will proceed with an April 14 Committee vote on the bipartisan Iran Nuclear Agreement Review Act of 2015 (S.615), which would require congressional review of a nuclear deal if one is reached by the June 30 deadline. The legislation further requires assurances from both the President and Secretary of State that the agreement provides sufficient capacity for the U.S. to verify Iran's compliance with the agreement, periodic reporting to Congress by the Administration of Iran's ongoing cooperation and compliance, and reports to Congress within 10 days of any significant breach or compliance incident by Iran. Finally, the legislation stipulates congressionally-mandated sanctions on Iran could only be waived or suspended by the President if the Congress agrees.

In response, the U.S. Administration has indicated its intent to begin a global engagement effort – with not only the U.S. Congress and the American people, but European and other allies, Prime Minister Netanyahu, King Salman of Saudi Arabia, and the leadership of all six members of the Gulf Cooperation Council.

In a potentially unprecedented move, President Obama's speech was broadcast live on Iran's State TV. Concluding that speech, President Obama succinctly summarized the negotiation's status, challenges, and opportunity, noting: "Our work is not yet done and success is not guaranteed. But, we have a historic opportunity to prevent the spread of nuclear weapons in Iran and to do so peacefully, with the international community firmly behind us. We should seize that chance."

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