

# The Implications of Sanctions Relief Under the Iran Agreement

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## ABOUT THE AUTHORS



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**Iran has worked hard to chip away at the international consensus on sanctions, and if the current nuclear terms are not clarified and bolstered, it will meet that goal.**

**T**he following is an excerpt from Dr. Levitt's prepared remarks. To read his full testimony, download the PDF.

Thank you for this opportunity to appear before you today to discuss the nuclear agreement with Iran and the challenges it could pose to the future viability of the U.S. sanctions architecture. These challenges are important to understand because the primary consequence for suspected violations under the Iran deal is the re-imposition of suspended sanctions. Preserving the viability of these financial tools is therefore important for the deal itself.

Maintaining the viability of the U.S. sanctions architecture is also critical if, as the administration maintains, sanctions proactively targeting Iran's sponsorship of terrorism, human rights abuses, and other illicit conduct will remain in place. Indeed, even taking the WMD proliferation issue out of consideration, Iran remains one of the world's most deficient jurisdictions in terms of money laundering and terrorist financing, a fact that presents direct threats to both international and regional security as well as the international financial system.

Some sanctions-related portions of the Iran deal are quite strong, though they are not crystal clear in the agreement itself, and for reasons unknown the administration has not taken the opportunity to make these clear to the public. But others present fatal flaws that, if refined, could make a negotiated settlement with Iran over its nuclear program far more likely to succeed.

**"SNAP BACK"**

Several problems are fairly evident and have already received some attention, including the deeply flawed "snap back" mechanism. In the first instance, even if the snap back mechanism works as a means of avoiding multilateral debate over whether to reimpose sanctions, and which to reimpose, there will be no quick snap back since the international debate will simply move to what constitutes a violation, whether the action in question really qualifies as a violation, and then whether it is worth putting the whole deal at risk over such small issues.

Moreover, while the U.S. may have flexibility in the unilateral sanctions it chooses to snap back into place, it is not clear from the language of the deal that such nuance exists regarding international sanctions. And since reimposing UN and European sanctions would upend the deal, there is a built in disincentive to snapping them back. Moreover, Iran is sure to cheat on the deal -- a point administration officials concede -- but it will take only small steps over the line at a time. The snap-back mechanism is poorly suited to deal with small violations because when the only sentence available is capital punishment, only capital crimes will be prosecuted. Privately, administration officials maintain that the thirty-day notification period would allow time to convince Iran to cease whatever violations were raised, and claim that this time could also be used to negotiate a partial sanctions snap back. That, however, is not at all clear in the text of the deal... ❖

*Senate Committee on Banking, Housing, and Urban Affairs*

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