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Iran Nuclear Agreement: Selected Issues for Congress

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Summary

The nuclear agreement between Iran and six negotiating powers (“P5+1:” United States, France, Britain, Germany, Russia, and China), finalized on July 14, 2015, raises a wide variety of issues as Congress undertakes a formal review under the Iran Nuclear Agreement Review Act (P.L. 114-17). The Administration submitted the 150+ page text (including annexes) of the “Joint Comprehensive Plan of Action,” (JCPOA) to Congress on July 19, 2015, and the period for congressional review under the act is to conclude on September 17. Should the agreement stand after review processes in Congress and in Iran’s legislatures, the JCPOA would enter into force 90 days from July 20, 2015—the date of the adoption of U.N. Security Council Resolution 2231, which endorsed the JCPOA and called on U.N. member states to assist in its implementation.

Broadly, the accord represents an exchange of limitations on Iran’s nuclear program for the lifting or suspension of U.S., U.N., and European Union (EU) sanctions. The text contains relatively complicated provisions for inspections of undeclared Iranian nuclear facilities, processes for adjudicating complaints by any of the parties for nonperformance of commitments, “snap-back” provisions for U.N. sanctions, finite durations for many of Iran’s nuclear commitments, and broad U.N., E.U., and U.S. commitments to suspend or lift most of the numerous sanctions imposed on Iran since 2010. Many of the agreement’s provisions have raised questions about the degree to which the accord can accomplish the P5+1 objectives that were stated when P5+1-Iran negotiations began in 2006.

The agreement could have significant implications for the Middle East region and for U.S.-Iran relations, the latter of which have been characterized primarily by animosity since Iran’s 1979 Islamic revolution. The agreement also raises questions about the U.S. approach to regional security and the security of key U.S. allies, and the potential for resolving some of the region’s many conflicts, including those generated by the Islamic State organization.

Contents

Introduction	1
Monitoring of Iran’s Compliance with Its Commitments	1
Inspections of Undeclared Facilities and Activities	3
Resolving Questions of Past Nuclear Research	6
Potential Implications of an IAEA “Broader Conclusion”	8
Potential Implications of Congressional Disapproval of the Agreement	8
What Sanctions the United States Is Committed to Lifting if the JCPOA Is Implemented	9
What Sanctions the United States Keeps in Place	10
Possible Future Sanctions Options.....	12
The Degree to Which Sanctions Could Be Reimposed Under the Agreement’s “Snap Back” Provisions.....	13
Iran’s Potential Uses of the Economic Benefits of the Agreement	14
Israel and the Implications of Its Position on the Agreement.....	15
Possible Implications for Persian Gulf Security	18
Implications of the Eventual Lifting of U.N. Arms Sale Ban	19
Lifting of the Ban on Iranian Arms Exports	20
Implications of the Agreement for Iran’s Nuclear-Capable Ballistic Missiles.....	21
Implications of the Agreement for Syria, Iraq, and the Campaign against the Islamic State.....	23
Syria and Iraq.....	23
Prospects for the JCPOA to Affect Wider Regional Nuclear Proliferation?	24
Saudi Arabia.....	24
Turkey	26
Egypt, Israel, and a WMD-Free Zone in the Middle East	26
Implications for U.S.-Iran Relations	28
Implications of the Agreement for the Global Oil Market	29

Contacts

Author Contact Information	29
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Introduction

This report addresses some of the many issues raised by the Joint Comprehensive Plan of Action (JCPOA) of July 14, 2015. These issues include those related to monitoring and enforcing the agreement itself, how the sanctions relief provided by the agreement would affect Iran's regional and domestic policies, the implications for regional security, and the potential for the agreement to change the course of U.S.-Iran relations. The issues discussed in this report are by no means exhaustive, but rather represent what appear to be the major issues currently under discussion in public and congressional debate on the accord.

Many of the issues discussed in this report are analyzed in greater depth in other CRS reports. For background on the JCPOA and many of the issues analyzed in this report, please see CRS Report R43333, *Iran Nuclear Agreement*, by Kenneth Katzman and Paul K. Kerr. For additional background on international sanctions on Iran, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman and CRS Report R43311, *Iran: U.S. Economic Sanctions and the Authority to Lift Restrictions*, by Dianne E. Rennack. For additional information on Iran's nuclear program, see CRS Report R40094, *Iran's Nuclear Program: Tehran's Compliance with International Obligations*, by Paul K. Kerr. For additional analysis on some of the regional implications of the Iran agreement, see CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti; CRS Report R43612, *The "Islamic State" Crisis and U.S. Policy*, by Christopher M. Blanchard et al.; CRS Report R43960, *Yemen: Civil War and Regional Intervention*, by Jeremy M. Sharp; and CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Christopher M. Blanchard. For additional analysis on implications of the eventual lifting of the U.N. ban on arms sales as well as for U.S.-Iran relations, see CRS Report RL32048, *Iran, Gulf Security, and U.S. Policy*, by Kenneth Katzman. For information on congressional procedures related to the Iran Nuclear Agreement Review Act, see CRS Report R44085, *Procedures for Congressional Action in Relation to a Nuclear Agreement with Iran: In Brief*, by Valerie Heitshusen and Richard S. Beth.

This report does not cover bilateral issues such as those involving compensation for U.S. victims of Iranian terrorism—an issue not addressed in the JCPOA. For information on that issue, see CRS Report R43210, *The Iran Hostages: Efforts to Obtain Compensation*, by Jennifer K. Elsea.

Those sections for which no author is specified were contributed by Kenneth Katzman or Paul Kerr.

Monitoring of Iran's Compliance with Its Commitments

One of the key questions in the congressional and public debate has centered on the ability to verify Iranian compliance. According to the JCPOA, the International Atomic Energy Agency (IAEA) will monitor Iranian compliance with the provisions concerning its enrichment program and its heavy water reactor program. The IAEA will increase its number of inspectors in Iran and use advanced verification technologies, including on-line enrichment measurement. In addition, Tehran "has agreed to implement" the Additional Protocol to its IAEA safeguards agreement (see text box below). Iran is also to implement the modified Code 3.1 of the subsidiary arrangements to its safeguards agreement. Iran's IAEA safeguards obligations last for an indefinite duration. U.S. intelligence officials have argued that the JCPOA monitoring provisions, as well as U.S.

intelligence capabilities, give the intelligence community a “reasonably high degree of confidence” in detecting Iranian compliance with the agreement.¹

IAEA Safeguards in Iran

Tehran ratified the Nuclear Nonproliferation Treaty (NPT) in 1970. Article III of the treaty requires nonnuclear-weapon states-parties² to accept comprehensive IAEA safeguards; Tehran concluded a comprehensive safeguards agreement with the IAEA in 1974.³ Comprehensive safeguards agreements are based on a model described in INFCIRC 153, which states that such agreements “should provide for the Agency’s right and obligation to ensure that safeguards will be applied” to all nuclear material of potential proliferation concern “in all peaceful nuclear activities within the territory of the State, under its jurisdiction or carried out under its control anywhere, for the exclusive purpose of verifying that such material is not diverted to nuclear weapons or other nuclear explosive devices.” Iran’s safeguards agreement provides the IAEA with such authority.

As a practical matter, the IAEA’s ability to inspect and monitor nuclear facilities, as well as obtain information, in a particular country pursuant to that government’s comprehensive safeguards agreement is limited to facilities and activities that have been declared by the government. Additional protocols to comprehensive safeguards agreements are based on a model described in INFCIRC 540. Such protocols, which states conclude voluntarily, increase the IAEA’s ability to investigate undeclared nuclear facilities and activities in nonnuclear-weapon states by increasing the agency’s authority to inspect certain nuclear-related facilities and demand information from member states.

At the time Iran engaged in most of the undeclared activities that have caused concern about its nuclear program, Tehran was bound only by its comprehensive safeguards agreement. Until February 2003, the subsidiary arrangements⁴ to Iran’s safeguards agreement “called for provision to the Agency of design information on a new facility no later than 180 days before the introduction of nuclear material into the facility.”⁵ In February 2003, Iran accepted modifications to Code 3.1 of its subsidiary arrangements. Code 3.1 now requires Tehran to provide design information for new nuclear facilities “as soon as the decision to construct, or to authorize construction, of such a facility has been taken, whichever is earlier.”⁶ Iran signed an Additional Protocol to its safeguards agreement in late 2003, but stopped implementing it in early 2006.

The IAEA’s authority to investigate nuclear weapons-related activity is also limited. Then-IAEA Director General Mohamed ElBaradei explained in a 2005 interview that the IAEA does not have “an all-encompassing mandate to look for every computer study on weaponization. Our mandate is to make sure that all nuclear materials in a country are declared to us.” Similarly, a February 2006 report from ElBaradei to the IAEA board stated that “absent some nexus to nuclear material the agency’s legal authority to pursue the verification of possible nuclear weapons related activity is limited.” There is no requirement that there be any nexus to nuclear material in order for the IAEA to request access to a facility, but there are disagreements among IAEA member-states regarding the extent of the agency’s rights to access locations where there is no reason to suspect the presence of nuclear material. Such disagreements could play a role if the IAEA Board is required to consider a request for special inspections in Iran or another country. Therefore, the closer the connection between nuclear material and the location in question, the more likely the Board would be to approve such an inspection.

The JCPOA also describes other monitoring and inspections. For 15 years, the IAEA will monitor the stored Iranian centrifuges and related infrastructure. During this time, Iran will also permit the IAEA “daily access” to “relevant buildings” at the Natanz facilities. For 20 years, Tehran will

¹ Ferran, Lee, “CIA Confident It Would Catch Iran Cheating on Nuclear Deal,” ABC News, July 24, 2015.

² The NPT defines a nuclear-weapon state as “one which has manufactured and exploded a nuclear weapon or other nuclear explosive device” prior to January 1, 1967. These states are China, France, Russia, the United Kingdom, and the United States.

³ INFCIRC/214.

⁴ According to the 2001 IAEA Safeguards Glossary, subsidiary arrangements to IAEA safeguards agreements describe the “technical and administrative procedures for specifying how the provisions laid down in a safeguards agreement are to be applied.”

⁵ *Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran*, GOV/2003/40, June 6, 2003.

⁶ *Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions 1737 (2006) and 1747(2007) in the Islamic Republic of Iran*, GOV/2007/58, November 15, 2007.

allow the agency to verify Iran's inventory of certain centrifuge components and the manufacturing facilities for such components. Additionally, Iran is to allow the IAEA to monitor both the country's uranium mills for 25 years and Iran's plant for producing heavy water. IAEA inspectors are also to have access to a future "dedicated procurement channel for Iran's nuclear program" that is to be established "to monitor and approve, on a case by case basis, the supply, sale, or transfer to Iran of certain nuclear-related and dual use materials and technology."

Selected Provisions of the IAEA Model Additional Protocol

Additional protocols to comprehensive safeguards agreements increase the IAEA's ability to investigate undeclared nuclear facilities and activities in nonnuclear-weapon states by increasing the agency's authority to inspect certain nuclear-related facilities and demand information from member states.

Information

Article 2 of the Model Additional Protocol requires a state to provide the IAEA with information about a variety of nuclear-related activities. The information most relevant to Iran's enrichment and heavy water reactor programs (the programs of greatest proliferation concern for the international community) would be a "general description of and information specifying the location of nuclear fuel cycle-related research and development activities not involving nuclear material." These activities include those "specifically related to any process or system development aspect" of uranium enrichment and spent fuel reprocessing. The Protocol also requires the state to "make every reasonable effort to provide" the IAEA with a "general description of and information specifying the location of nuclear fuel cycle-related research and development activities not involving nuclear material which are specifically related to enrichment."

The Protocol also requires the state to provide a "description of the scale of operations for each location engaged in the activities specified in Annex I" to the Protocol. This Annex covers a variety of activities related to enrichment, reprocessing, and nuclear reactors.

Locations

Depending on the type of facility, the IAEA may request access to a location in order to "assure the absence of undeclared nuclear material and activities" in the facility or to "resolve a question relating to the correctness and completeness" of Iran's declaration pursuant to Article 2 of the Model Additional Protocol. The methods and activities (e.g., environmental sampling, radiation detection) that IAEA inspectors may undertake when accessing such a location vary depending on the facility's type. In general, the Protocol would allow the IAEA access to the following types of nuclear locations:

- Uranium mines, uranium mills, and uranium ore processing facilities located at the mines.
- Locations around and including facilities with nuclear material that Iran has declared under its safeguards agreement. In Iran, these would include entire facilities where declared nuclear material is located; such facilities are normally within a perimeter boundary, such as a security fence.
- Locations of nuclear fuel cycle-related research and development activities not involving nuclear material.
- Locations engaged in activities specified in Annex I of the Model Additional Protocol. These activities include the manufacture of some components related to enrichment, reprocessing, and nuclear reactors.

Inspections of Undeclared Facilities and Activities

For Iranian sites other than those that Tehran declares to the IAEA, the Additional Protocol would require the IAEA to notify Iran at least 24 hours before inspecting "[a]ny location specified by the Agency." For certain inspections of declared nuclear facilities, the IAEA would be required to give Iran at least two hours' notice.⁷

⁷ According to the Model Additional Protocol, "in exceptional circumstances," the agency may provide "less than two (continued...)"

The JCPOA describes arrangements for the IAEA to gain access to such sites if the agency “has concerns regarding undeclared nuclear materials or activities, or activities inconsistent with” the JCPOA. If the IAEA has such concerns, the agency “will provide Iran the basis for such concerns and request clarification.” The IAEA could request access to the site if Iran’s explanation did not provide sufficient clarification. Tehran may respond to such a request by proposing “alternative means of resolving the IAEA’s concerns.” This provision, however, does not constrain the IAEA from requesting access to a site at any time. If such means did not resolve the IAEA’s concerns or the two sides did not “reach satisfactory arrangements ... within 14 days of the IAEA’s original request for access,” Iran “would resolve the IAEA’s concerns through necessary means agreed between Iran and the IAEA.” Tehran would make such a decision “in consultation with the members of the Joint Commission” established by the JCPOA. If the two sides cannot reach agreement, the commission “would advise on the necessary means to resolve the IAEA’s concerns” if at least a majority of the commission’s members agreed to do so.⁸ The Joint Commission would have seven days to reach a decision; “Iran would implement the necessary means within three additional days.” The total time for the stipulated procedures would be 24 days.

Administration officials have argued that the types of Iranian facilities in question would be large and, therefore, not moveable or easily concealed.⁹ However, some experts, including former IAEA Deputy Director General Olli Heinonen, have argued that the 24-day period does not allow the IAEA to discover “all plausible scenarios” of nuclear activities that Iran could attempt to conceal. Heinonen explained on July 22, 2015, that

[i]t is clear that a facility of sizable scale cannot simply be erased in three weeks without leaving traces. But the likely scenarios involved here would be small scale, which could be critical in the weapon manufacturing process such as the manufacturing of uranium components for a nuclear weapon.¹⁰

U.S. Secretary of Energy Ernest Moniz argued during a July 23 Senate Foreign Relations Committee hearing that “environmental sampling,” one technique which IAEA inspectors employ, can “detect microscopic traces of nuclear materials even after attempts are made to remove the evidence of activities with nuclear material.” Activities related to developing nuclear weapons which do not involve nuclear material would still have “a variety of signatures,” he explained, adding that the IAEA’s inspections and monitoring activities would be supplemented by U.S. intelligence gathering.¹¹

The JCPOA verification provisions supplement the authorities provided by the comprehensive safeguards agreement and additional protocol; for example, the JCPOA provides for continuous monitoring of Iran’s uranium mills. Also, the JCPOA’s provisions regarding access and compliance determinations are clearer than comparable provisions under a comprehensive safeguards agreement or additional protocol. For example, the JCPOA provides for IAEA continuous monitoring—rather than just inspections—of specific centrifuge components and

(...continued)
hours” notice.

⁸ According to the JCPOA, the Joint Commission is comprised of representatives from Iran and the P5+1, as well as the High Representative of the [European] Union for Foreign Affairs and Security Policy.

⁹ See, for example, National Security Adviser Susan Rice, “The Situation Room,” CNN, July 15, 2015.

¹⁰ “Testimony on ‘The Iran Nuclear Deal and Its Impact on Terrorism Financing,’” House Committee on Financial Services Task Force to Investigate Terrorism Financing, July 22, 2015.

¹¹ “Iran Nuclear Agreement Review,” Senate Foreign Relations Committee, July 23, 2015.

associated manufacturing equipment. Whether the additional protocol's language provides the IAEA with authority to inspect facilities which manufacture certain centrifuge components is unclear.

The process for resolving disputes regarding IAEA access to Iranian facilities is also less ambiguous than the IAEA special inspection provisions. These provisions do not define a specific time frame for resolving such disputes and require approval by the IAEA Board of Governors. (See text box below). Furthermore, certain activities related to weapons development are, as noted, explicitly prohibited by the JCPOA. Such activities would not necessarily be considered violations of Iran's comprehensive safeguards agreement or additional protocol and the IAEA Board of Governors might not decide not to authorize a special inspection to investigate allegations of such activities (see text box below).

IAEA Special Inspections

If a state refuses to grant the IAEA access to certain facilities, the IAEA Director-General can call for a special inspection; the inspection could require approval from the IAEA Board of Governors. According to the IAEA, an inspection is deemed to be special when it is in addition to IAEA routine inspections or "involves access to information or locations" that have not been identified to the IAEA as part of the agency's implementation of safeguards in that country.¹² Such inspections "are foreseen in all Agency safeguards agreements, principally as a means for the Agency to resolve unforeseen verification problems," according to a 1991 IAEA document.¹³ Paragraph 73 of the model safeguards agreement, INFCIRC 153, states that comprehensive safeguards agreements should provide for the IAEA's ability to "make special inspections," subject to certain procedures, if the agency "considers that information made available by the State, including explanations from the State and information obtained from routine inspections, is not adequate for the Agency to fulfill its responsibilities under the Agreement."

According to the 1991 document, a special inspection could be triggered by the IAEA's receipt of "plausible information, which is not adequately explained by the State or otherwise resolved" by other IAEA inspections that the country has "nuclear material in a nuclear activity" outside of IAEA safeguards, or that the state has an undeclared nuclear facility that it had been required to report to the agency.

The IAEA Director General "has the authority ... to determine the need for, and to direct the carrying out of, special inspections," according to another 1991 IAEA paper.¹⁴ In the event that the IAEA argues for a special inspection in a country, the agency and the government "must hold immediate consultations," according to the 1991 paper. Any dispute regarding the inspection request must be resolved according to dispute settlement provisions described in INFCIRC 153. However, paragraph 18 of INFCIRC 153 states that

"if the Board, upon report of the Director General, decides that an action by the State is essential and urgent in order to ensure verification that nuclear material subject to safeguards under the Agreement is not diverted to nuclear weapons or other nuclear explosive devices the Board shall be able to call upon the State to take the required action without delay, irrespective of whether procedures for the settlement of a dispute have been invoked."

If the state refuses the inspection, the IAEA Board of Governors can take action according to paragraph 19 of INFCIRC 153, including reporting the matter to the U.N. Security Council.

¹² 2001 IAEA Safeguards Glossary. According to that Glossary, special inspections can also be used "to verify the information contained in special reports." States with comprehensive safeguards agreements are required to submit a special report to the IAEA if there is a "loss of nuclear material exceeding specified limits" or if "containment and surveillance measures have been unexpectedly changed from those specified in the Subsidiary Arrangements." Subsidiary arrangements describe the "technical and administrative procedures for specifying how the provisions laid down in a safeguards agreement are to be applied." The IAEA negotiates changes to such arrangements with the state if alterations to the country's nuclear facilities necessitate such changes.

¹³ GOV/INF/61329, May 29, 1991.

¹⁴ GOV/2554, November 12, 1991.

Resolving Questions of Past Nuclear Research

In August 2007, Iran and the IAEA agreed on a work plan to clarify outstanding questions regarding Tehran's nuclear program.¹⁵ Most of these questions, which had contributed to suspicions that Iran had been pursuing a nuclear weapons program, have essentially been resolved. Then-IAEA Director-General Mohamed ElBaradei, however, told the IAEA board on June 2, 2008, that there is "one remaining major [unresolved] issue," which concerns questions regarding "possible military dimensions to Iran's nuclear programme."¹⁶

Several pre-JCPOA U.N. Security Council Resolutions, the most recent of which (Resolution 1929) was adopted in June 2010, require Iran to cooperate fully with the IAEA's investigation of its nuclear activities. Moreover, on November 18, 2011, the IAEA Board of Governors adopted a resolution stating that "it is essential" for Iran and the IAEA "to intensify their dialogue aiming at the urgent resolution of all outstanding substantive issues." IAEA and Iranian officials met 10 times between January 2012 and May 2013 to discuss what the agency has termed a "structured approach to the clarification of all outstanding issues" related to Iran's nuclear program. However, during an October 2013 meeting, IAEA officials and their Iranian counterparts decided to adopt a "new approach" to resolving these issues. According to a November 11, 2013, Iran-IAEA joint statement describing a "Framework for Cooperation," the two sides agreed to "strengthen their cooperation and dialogue aimed at ensuring the exclusively peaceful nature of Iran's nuclear programme through the resolution of all outstanding issues that have not already been resolved by the IAEA." Tehran has questioned the authenticity of some of the evidence underlying the agency's concerns and maintains that it has not done any work on nuclear weapons.

Since then, Iran has provided the IAEA with information about several of the outstanding issues, but the IAEA's investigation appears to have stalled. Iran agreed in May 2014 to provide information to the IAEA by August 25, 2014, regarding five additional issues, including alleged Iranian research on high explosives and "studies made and/or papers published in Iran in relation to neutron transport and associated modelling and calculations and their alleged application to compressed materials."¹⁷ Tehran has not yet provided sufficient information on these latter two activities, which are possible indicators of nuclear weapons development, although Iranian officials did provide the agency with "information in relation to one of these measures" during March and April 2015 meetings.¹⁸ Iran has provided the IAEA with information about the other three issues.¹⁹

The JCPOA states that Tehran will "complete" a series of steps described in an Iran-IAEA "Roadmap for Clarification of Past and Present Outstanding Issues." According to IAEA Director General Yukiya Amano, this road map "sets out a process, under the November 2013 Framework

¹⁵ The text is available at <http://www.iaea.org/Publications/Documents/Infcircs/2007/infcirc711.pdf>.

¹⁶ *Introductory Statement to the Board of Governors*, IAEA Director General Dr. Mohamed ElBaradei, June 2, 2008. For more information about these issues, see CRS Report RL34544, *Iran's Nuclear Program: Status*, by Paul K. Kerr.

¹⁷ *Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran*, International Atomic Energy Agency, GOV/2015/34, May 29, 2015.

¹⁸ *Ibid.*

¹⁹ Iran maintains that the documents related to high-explosives testing are "fabricated" and has stated that it has "provided explanations on ... open source scientific publications" related to the second issue. (*Explanatory Note by the Permanent Mission of the Islamic Republic of Iran to the IAEA on the report of the Director General on the Implementation of Safeguards in the Islamic Republic of Iran* [GOV/2015/15 dated 19 February 2015], March 10, 2015).

for Cooperation, to enable the Agency, with the cooperation of Iran, to make an assessment of issues relating to possible military dimensions” to Iran’s nuclear program.²⁰ According to the road map, Amano is to present a report to the IAEA Board of Governors by December 15, 2015, which contains the agency’s “final assessment on the resolution” of the aforementioned outstanding issues.²¹

The road map states that the two parties agreed on two separate arrangements. The first arrangement would allow Iran and the IAEA “to address the remaining outstanding issues.” The second covers “the issue of Parchin,” which is an Iranian military site. According to a November 2011 report from Amano, the IAEA obtained information indicating that in 2000 “Iran constructed a large explosives containment vessel” at Parchin in which to conduct experiments related to the development of nuclear weapons.²² Such testing could contribute to the development of implosion-type nuclear explosive devices. The report does not say whether Iran actually built the vessel or conducted these experiments at Parchin. IAEA inspectors visited the site twice in 2005, but “did not uncover anything of relevance.”²³ The IAEA has requested Iran to respond to the information described above, but Iran has not done so. Moreover, Iran has altered buildings at Parchin in a manner that the IAEA has described as “likely to have undermined the Agency’s ability to conduct effective verification.”²⁴

On July 29, 2015, White House Principal Deputy Press Secretary Eric Schultz told reporters that the arrangements described above include “confidential documents.” The IAEA told one news agency that the “non-public nature of the separate arrangements is consistent with the IAEA’s safeguards practice.”²⁵ Amano told reporters on August 5 that his “legal obligation is to protect safeguards confidentiality,” which he described as “an essential element of the international safeguards regime.”²⁶ The IAEA statute and the agency’s safeguards agreements contain provisions requiring the IAEA to protect confidential information.²⁷ According to the IAEA, confidential information includes

information relating to the design of nuclear facilities; to the quantity, location, composition and movement of nuclear material; to the safeguards approach and inspection goals for specific facilities; and to the results of inspections, including any anomalies and incidents at nuclear facilities.²⁸

²⁰ “IAEA Director General Amano’s Remarks to the Press on Agreements with Iran,” July 14, 2015.

²¹ “Road-map for the Clarification of Past and Present Outstanding Issues Regarding Iran’s Nuclear Program,” July 14, 2015.

²² *Implementation of the NPT Safeguards Agreement and Relevant Provisions of Security Council Resolutions in the Islamic Republic of Iran*, GOV/2011/65, November 8, 2011.

²³ *Ibid.*

²⁴ GOV/2015/34.

²⁵ Jonathan Tirone, “Iran Nuclear Monitors Risk Integrity at Senate Briefing,” *Bloomberg Business*, August 4, 2015.

²⁶ “IAEA Director General Yukiya Amano’s Statement to Media after Meeting U.S. Senators on Iran Washington,” August 5, 2015.

²⁷ The IAEA statute states that the agency’s Director General and staff “shall not disclose any industrial secret or other confidential information coming to their knowledge by reason of their official duties.” Moreover, according to Iran’s IAEA safeguards agreement (INFCIRC/214), the agency “shall take every precaution to protect commercial and industrial secrets and other confidential information coming to its knowledge in the implementation of this Agreement.”

²⁸ International Atomic Energy Agency, “Activities of the International Atomic Energy Agency Relevant to Article III of the Treaty on the Nonproliferation of Nuclear Weapons,” Background Paper Prepared by the Secretariat of the IAEA, 1995 Review and Extension Conference of the Parties to the Treaty on Nonproliferation of Nuclear Weapons, NPT/CONF.1995/7/Part I, February 1, 1995.

Potential Implications of an IAEA “Broader Conclusion”

The JCPOA indicates that the IAEA will pursue drawing a “Broader Conclusion that all nuclear material in Iran remains in peaceful activities.” The agency can draw such a conclusion for states with comprehensive safeguards agreements and additional protocols in force. According to the IAEA,

The conclusion of the absence of undeclared nuclear material and activities is drawn when the activities performed under an additional protocol have been completed, when relevant questions and inconsistencies have been addressed, and when no indications have been found by the IAEA that, in its judgement, would constitute a safeguards concern.²⁹

Drawing the broader conclusion will apparently include IAEA resolution of its questions regarding the outstanding issues concerning Iran’s nuclear program. The average time for the IAEA to draw the broader conclusion for states with complex nuclear programs has been five to seven years.³⁰

There are potentially significant implications if the IAEA draws its Broader Conclusion in a relatively short time frame. For example, under U.N. Security Council Resolution 2231 (2015), the U.N. ban on arms sales to Iran would be lifted upon the drawing of the Broader Conclusion or five years, *whichever is earlier*. Similarly, the U.N. ban on Iran’s development of nuclear-capable ballistic missiles would be ended upon drawing the Broader Conclusion or eight years, *whichever is earlier*.

Potential Implications of Congressional Disapproval of the Agreement

This section was prepared by Dianne Rennack, Specialist in Foreign Affairs Legislation, 7-7608 and Kenneth Katzman, 7-7612

Legislation providing for congressional review was enacted as the Iran Nuclear Agreement Review Act of 2015 (P.L. 114-17). Because the nuclear agreement was reached after July 10, the congressional review period is 60 calendar days from the date of submission to Congress, which was on July 19, 2015. The end of this 60-day period is September 17. No statutory sanctions can be waived during the review period. If a congressional resolution of disapproval is passed by both chambers, President Obama could not waive sanctions for another 12 calendar days, during which he would presumably exercise his threat, stated on July 14, to veto a resolution of disapproval. Congress would then have 10 calendar days to reconsider the bill, and perhaps pass it with a two-thirds majority—enough to override the President’s veto. During this period, the President may not waive sanctions. All in all, the maximum period during which statutory sanctions could not be waived is 82 days after Congress’s receipt of the agreement.

Section 135(c)(2) of the Atomic Energy Act of 1954 (42 U.S.C. 2160 e(c)(2)), as added by the Iran Nuclear Agreement Review Act of 2015, describes three scenarios:³¹

- Congress enacts a joint resolution of approval => the President *may* provide sanctions relief;

²⁹ 2001 IAEA Safeguards Glossary.

³⁰ Conversation with U.S. official, July 31, 2015.

³¹ See text of the Iran Nuclear Agreement Review Act of 2015 (P.L. 114-17).

- Congress enacts a joint resolution of disapproval (either with the President’s signature, or by overriding a veto) => the President *may not* provide sanctions relief; or
- Congress does not enact a joint resolution (either of approval or disapproval, and with or without the President’s signature) => the President *may* provide sanctions relief.

The provision states that “any measure of statutory sanctions relief by the United States shall include waiver, suspension, reduction, or other effort to provide relief from, or otherwise limit the application of statutory sanctions with respect to, Iran under any provision of law or any other effort to refrain from applying any such sanctions.” On August 4, 2015, Chairman of the House Foreign Affairs Committee Ed Royce introduced a joint resolution of disapproval of the JCPOA (H.J.Res. 64).

The implications of a disapproval of the agreement—and associated retention of U.S. sanctions—are a matter of debate. The Administration argues that if Congress succeeds in enacting a joint resolution of disapproval, the multilateral sanctions regime would erode significantly and Iran would almost certainly not implement its nuclear commitments under the agreement, leaving Iran potentially in position to develop a nuclear weapon.³² President Obama asserted in an August 5, 2015, speech that “Congressional rejection of this deal leaves any U.S. administration that is absolutely committed to preventing Iran from getting a nuclear weapon with one option, another war in the Middle East.”³³

Some of the U.S. economic sanctions that might be unilaterally imposed on foreign companies as a result of Congress enacting a joint resolution of disapproval (which would result in curbing the President’s authority to waive sanctions) could be, to some companies, tolerable or even immaterial. Other foreign companies might decide that the risk of being subject to U.S. sanctions is too great, and they might continue to refrain from conducting business with Iran. The outcome might be determined by the reaction of foreign governments to the decision by Congress to vote down the deal. Some governments might continue cooperating with the sanctions regime if Congress blocks U.S. participation in the JCPOA.³⁴ However, other governments might decide to stop cooperating, and might cease instructing their corporations to refrain from trade with Iran.

What Sanctions the United States Is Committed to Lifting if the JCPOA Is Implemented

This section was prepared by Dianne Rennack, Specialist in Foreign Affairs Legislation, 7-7608

If and when the JCPOA is fully implemented, the United States will be committed, on Implementation Day,³⁵ to terminate sanctions established in executive orders in order to comply

³² Jonathan Weisman and Michael Gordon. “Cabinet Members Mount First Public Defense of Iran Deal.” *New York Times*, July 24, 2015. Testimony of Secretary of State John Kerry, Energy Secretary Ernest Moniz, and Treasury Secretary Jacob Lew, before the Senate Foreign Relations Committee. July 24, 2015.

³³ <http://www.washingtonpost.com/news/post-politics/wp/2015/08/05/text-obama-gives-a-speech-about-the-iran-nuclear-deal/>

³⁴ CRS conversations with several European country diplomats in Washington, DC, July-August 2015.

³⁵ “Implementation Day” arrives when the IAEA determines and verifies that Iran has met the requirements laid out in “Annex V—Implementation Plan” of the JCPOA, para. 15, which summarizes requirements relating to Iran’s nuclear program stated in more detail in Annex I—Nuclear-related Measures.”

with U.N. Security Council requirements and to suspend applying a range of restrictions stated in legislation that affect Iran's access to, and ability to participate in, finance, banking, and insurance; and trade and investment in energy, petrochemicals, shipping, shipbuilding, ports, gold and other precious metals, and automotive-related goods and services. The United States will be further committed to adjusting its sanctions that currently curtail trade and investment in software and related metals, and in those nuclear-related commodities that can be sold to countries that are nonnuclear-weapon states under the Treaty on the Nonproliferation of Nuclear Weapons (NPT). Finally, the United States will be committed to removing specific individuals and entities identified in the JCPOA from its lists of Specially Designated Nationals (SDN), non-SDN, and Foreign Sanctions Evaders (FSE)—freeing their assets, access to transactions, and, in most instances, restoring the right to travel to the United States.³⁶

Eight years and 90 days from the U.N. Security Council agreeing to UNSC Resolution 2231 (2015)—October 18, 2023—or on the Director General of the IAEA reporting to the IAEA Board of Governors and U.N. Security Council that “all nuclear material in Iran remains in peaceful activities” (the “Broader Conclusion”), whichever is earlier, the United States is committed to seeking to repeal legislation on which the Iran sanctions are based and remove the remaining Iranian names of individuals and entities from the SDN, non-SDN, and FSE lists.³⁷

What Sanctions the United States Keeps in Place

The JCPOA does not call for changes to certain categories of U.S. sanctions against Iran. The United States retains its economic sanctions on Iran related to international terrorism, human rights violations, regional instability, and its ballistic missile program.³⁸ The United States, in compliance with U.N. Security Council Resolution 2231 (2015),³⁹ also continues restrictions related to Iran in the following areas for the near term:

- acquisition or development of ballistic missiles and related technology (eight years);
- trade in or acquisition of other arms and related materials (five years);
- the freezing of assets of individuals and entities designated under Resolution 1737 (2006) unless otherwise explicitly cleared (eight years), and restriction of travel of those same individuals (five years); and
- establishing the possibility that individuals and entities may be newly designated because of their nuclear proliferation activities.

Iran's negotiators accepted that not all sanctions will be suspended or lifted as a consequence of the JCPOA, even though Iran has long argued that the entire international sanctions regime lacks legitimacy because, Iran asserts, its nuclear program has always been for purely peaceful purposes.

³⁶ *Joint Comprehensive Plan of Action*, Vienna, July 14, 2015: “Annex II—Sanctions-related Commitments, B. United States,” paras. 4-7.9; and “Annex V—Implementation Plan, C. Implementation Day,” para. 17.

³⁷ *JCPOA*, “Annex V—Implementation Plan, C. Implementation Day,” para. 21.

³⁸ Written Testimony of Jacob J. Lew, Secretary of the Treasury, *op. cit.*

³⁹ United Nations Security Council Resolution 2231 (2015) of July 20, 2015.

International Terrorism

The United States has identified the government of Iran as a state sponsor of international terrorism since 1984, at the time largely for its disruptive activities in Lebanon, and more recently for its relationship with and support of Hezbollah, Hamas, some Shiite militia groups in Iraq, the government of Syria, and a few other Palestinian militant groups. The Islamic Revolutionary Guard Corps (IRGC)-Quds Force (IRGC-QF) is designated as a Specially Designated Global Terrorist (SDGT) by the U.S. Department of the Treasury.⁴⁰ The United States denies designated state sponsors of terrorism most forms of foreign aid, arms sales and transfers, licenses to export controlled goods and technology from the United States, and support in the international financial institutions.⁴¹ Any assets of IRGC and Quds Force officials or their subsidiaries that find their way into the United States are frozen, and those officials and affiliates are denied entry into the United States. In addition, five Iranian individuals and 18 Iranian entities—including Bank Saderat, the Iranian Ministry of Intelligence and Security, Mahan Airlines, Caspian Airlines, and Meraj Air, to name a few—are designated as terrorists and thus denied access to U.S.-based assets and property and denied entry into the United States.⁴²

Human Rights Violations and Regional Instability

A succession of U.S. Presidents have frozen U.S.-based assets of and prohibited any U.S. person from engaging in transactions with those who disrupt the Israeli-Palestinian peace process, disrupt stabilization efforts in Iraq, or commit human rights abuses against the people of Iran.⁴³ More recent orders require the blocking of assets and denial of entry into the United States of those who facilitate misuse of information technology, evade sanctions, engage in trade with Iran in goods or technology that could be used to violate human rights, or engage in censorship.⁴⁴

The President retains the authority to identify senior Iranian government officials involved in proliferation, support of international terrorism, or human rights violations, and may deny any such person and his or her family entry into the United States. Similarly, he may deny entry to ICRG members, agents, affiliates, supporters, and their families.⁴⁵

Weapons Proliferation and Arms Sales to Iran

In a series of three executive orders in the mid-1990s, President Clinton declared that “the actions and policies of the government of Iran constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States....” He blocked any U.S. person from entering into any financial commitment to develop Iran’s petroleum resources, new

⁴⁰ Department of State Bureau of Counterterrorism. *Country Reports on Terrorism, 2014*. June 2015.

⁴¹ Primarily §620A, Foreign Assistance Act of 1961 (22 U.S.C. 2371); §40, Arms Export Control Act (22 U.S.C. 2780); and §6(j), Export Administration Act of 1979 (50 U.S.C. app. 2405(j)). See also, § 1621, International Financial Institutions Act (22 U.S.C. 262p-4q). See also: CRS Report R43835, *State Sponsors of Acts of International Terrorism—Legislative Parameters: In Brief*, by Dianne E. Rennack.

⁴² Executive Order 13224 of September 23, 2001, as amended (50 U.S.C. 1701 note).

⁴³ Executive Order 12947 of January 23, 1995, as amended; E.O. 13438 of July 17, 2007; and E.O. 13553 of September 28, 2010, respectively and each codified at 50 U.S.C. 1701 note.

⁴⁴ Executive Order 13606 of April 22, 2012; E.O. 13608 of May 1, 2012; and E.O. 13628 of October 9, 2012, respectively, and each codified at 50 U.S.C. 1701 note.

⁴⁵ Secs. 221, 301, and 302, Iran Threat Reduction and Syria Human Rights Act of 2012 (22 U.S.C. 8727, 8741, 8742, respectively).

investments, or to engage in export of any goods or services to Iran.⁴⁶ In 2006, Congress codified these orders, requiring the President to notify Congress prior to their being revoked.⁴⁷

In addition, the JCPOA does not commit the United States to suspend application of the Iran-Iraq Arms Nonproliferation Act⁴⁸ or other statutes and Executive Orders that prohibit arms trade. The Iran-Iraq Arms Nonproliferation Act imposes a number of sanctions on any person or foreign country that supplies Iran with WMD technology or “destabilizing numbers and types of advanced conventional weapons.”

Possible Future Sanctions Options

If and when the JCPOA is fully implemented, the United States will likely face a challenge of how to continue to pressure Iran when matters of human rights, terrorism, regional stability, or other arms proliferation are in question. Most of the sanctions imposed pursuant to the Comprehensive Iran Sanctions Accountability and Divestment Act of 2010, as amended, for example, may not be terminated until the President certifies that “the Government of Iran has ceased providing support for acts of international terrorism and no longer satisfies the requirements for designation as a state sponsor of terrorism ... and ... Iran has ceased the pursuit, acquisition, and development of, and verifiably dismantled its, nuclear, biological, and chemical weapons and ballistic missiles and ballistic missile launch technology.”⁴⁹

Paragraph 26 of the JCPOA requires parties to “refrain from reintroducing or reimposing” sanctions that the Agreement removes. In particular

The United States will make best efforts in good faith to sustain this JCPOA and to prevent interference with the realisation of the full benefit by Iran of the sanctions lifting specified in Annex II. The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from reintroducing or reimposing the sanctions specified in Annex II that it has ceased applying under this JCPOA, without prejudice to the dispute resolution process provided for under this JCPOA. The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions. Iran has stated that it will treat such a reintroduction or reimposition of the sanctions specified in Annex II, or such an imposition of new nuclear-related sanctions, as grounds to cease performing its commitments under this JCPOA in whole or in part.⁵⁰

Without violating its commitments under the JCPOA, the United States could pursue, among the sovereign nations that participated in the negotiations and with the Security Council, harmonization of designations of Iranian individuals and entities that support acts of international terrorism. This could be done through diplomacy—raising the matter in U.N. fora or in bilateral meetings—or through new legislation to target any third party (individual, entity, or state) that engages in trade or transactions with any individual or entity that the United States (or United Nations) has designated as a terrorist.

⁴⁶ Executive Order 12957 of March 15, 1995, as amended; E.O. 12959 of May 6, 1995, as amended; and E.O. 13059 of August 19, 1997, all renewed annually and codified at 50 U.S.C. 1701 note.

⁴⁷ §101(a), Iran Freedom Support Act (P.L. 109-293; 50 U.S.C. 1701 note).

⁴⁸ Title XVI, National Defense Authorization Act for Fiscal Year 1993 (P.L. 102-484; U.S.C. 1701 note). See also: CRS Report RL31502, *Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law*, by Dianne E. Rennack.

⁴⁹ §401(a), P.L. 111-195 (22 U.S.C. 8551(a)).

⁵⁰ JCPOA, para. 26.

Similarly, in the realm of human rights monitoring, Congress might seek more robust use of Executive Order 13553 that “blocks property of certain person with respect to serious human rights abuses by the Government of Iran....” Currently, the order is invoked for 19 individuals and entities, of whom 7 are located in Iran.⁵¹ Congress might find an applicable legislative vehicle in the Global Magnitsky Human Rights Accountability Act, introduced in both the Senate and the House, which seeks to require the President to identify anyone in a foreign country

who is responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights committed against individuals in any foreign country who seek ... to expose illegal activity carried out by government officials; or ... to obtain, exercise, defend, or promote internationally recognized human rights and freedoms, such as the freedoms of religion, expression, association, and assembly, and the rights to a fair trial and democratic elections....⁵²

The Degree to Which Sanctions Could Be Reimposed Under the Agreement’s “Snap Back” Provisions

The JCPOA spells out a dispute resolution process (paragraphs 36 and 37 of the JCPOA) under which Iran or the P5+1 must resolve disputes over alleged breaches of their commitments under the accord. If Iran were to fail to resolve such a dispute, the mechanism in the JCPOA provides for any veto-wielding U.N. Security Council member to veto a proposed resolution to continue the U.N. sanctions relief provided by the JCPOA. The sanctions that would go back into effect if such a mechanism were triggered include all of those, including U.N. Security Council Resolution 1929 of June 2010, that provide the authority for all U.N. member states to cooperate with U.S. and other sanctions on Iran’s energy, banking, shipping, auto, and other economic sectors.

The construction of snap-back sanctions provisions in the JCPOA, and included in U.N. Security Council Resolution 2231 that endorsed the JCPOA, is unprecedented and its effects difficult to forecast. In testimony before the Senate Foreign Relations Committee on July 23, Treasury Secretary Jacob Lew answered the question, “How would those specific sanctions impact those companies from other countries rushing to do business with Iran?” by asserting that U.S. sanctions would be reimposed on foreign companies.⁵³ According to Treasury and State Department officials, the EU has said it would reimpose all EU sanctions if the formal U.N. sanctions reimposition mechanism is triggered.⁵⁴ For those governments that do not snap back their sanctions, their companies would risk U.S. penalties if they resume economic engagement with Iran. It is likely that many companies would avoid running that risk and would end their business with Iran. However, there is a chance that some governments will no longer press their corporations to comply with U.S. sanctions and would continue trading within the range of what would be allowed under resumed U.N. sanctions but in violation of U.S. snapped-back sanctions.

The Administration has also asserted that it reserves the right to calibrate the snapping back of U.S. sanctions to be proportionate to alleged Iranian violations of the accord. The Administration

⁵¹ Executive Order 13553 of September 28, 2010 (50 U.S.C. 1701 note).

⁵² S. 284, introduced by Senator Cardin on January 28, 2015; and H.R. 624, introduced by Representative Chris Smith on March 17, 2015.

⁵³ Hearing of the Senate Foreign Relations Committee on the Nuclear Agreement with Iran. July 23, 2015; <http://www.firstpost.com/world/unsustainable-snap-back-mechanism-un-resolution-end-iran-sanctions-10-years-2344932.html>

⁵⁴ CRS Analysts’ Meeting with State and Treasury Department officials. July 31, 2015.

has said that it is possible that the United States might not necessarily trigger the U.N. sanctions snap back, but instead reimpose some of the U.S. sanctions that are to be suspended under the JCPOA.⁵⁵

The consequences of a snap back of any sanctions could potentially be the discontinuation of the implementation of the JCPOA. Paragraph 37 of the JCPOA says that “Iran has stated that if sanctions are reinstated in whole or in part, Iran will treat that as grounds to cease performing its commitments under this JCPOA in whole or in part.”

Contract Sanctity (“Grandfathering”). A related issue is whether companies that resume business with Iran when sanctions are suspended or lifted would be subject to sanctions if the companies continue transactions after sanctions are reimposed under the mechanism above. The JCPOA (Paragraph 37) says that sanctions would not be applied “with retroactive effect to contracts signed between any party and Iran or Iranian entities prior to the date of application.” According to Administration officials, the United States and its partners would still have the ability to impose sanctions on firms that continue those contracts beyond the reimposition of U.N. sanctions, but they would likely permit a “wind down” period during which businesses could conclude their contract commitments in a reasonable time period without penalty.⁵⁶ In an August 5, 2015, hearing before the Senate Banking Committee, Under Secretary of State Wendy Sherman, one of the key negotiators of the accord, said that the EU has assured the United States it would not allow contract sanctity for EU contracts with Iran under a snap-back scenario.

Iran’s Potential Uses of the Economic Benefits of the Agreement

Some assert that the broad relief from sanctions under the agreement will provide Iran with more resources and opportunities for assisting regional factions and governments⁵⁷ and enable Iran to increase its influence in the region.⁵⁸ Once sanctions are suspended or lifted on Implementation Day, Iran will gain access to nearly \$60 billion in foreign exchange reserves that have been inaccessible due to U.S. sanctions.⁵⁹ The sanctions relief of the JCPOA will also enable Iran to export crude oil freely again and likely, after a period of time, resume pre-2012 export levels of about 2.6 million barrels per day—far above the 1.1 million barrels per day permitted under the 2013 interim agreement.

Some experts maintain that a nuclear deal could lend Iran greater legitimacy and provide it with a degree of influence on U.S. regional policy that it has not had since the 1979 Islamic revolution.⁶⁰ As discussed in several sections later in this report, those who support these arguments assert that Iran’s foreign policy is likely to become even more challenging for the region in the event of a nuclear deal. As examples:

- Sanctions relief—coupled with the apparent expiration of a U.N. ban on major combat system sales to Iran in a maximum of five years—could potentially enable Iran to modernize its armed forces.

⁵⁵ “Points on Response to Iranian Violations.” Information provided by the Administration to CRS. July 2015.

⁵⁶ State and Treasury Department briefing for CRS. July 31, 2015.

⁵⁷ “Iran’s Economy could Grow by 2 percent if Sanctions are Lifted,” Middle East Eye, May 25, 2015.

⁵⁸ Kenneth Pollack. “Iran’s Regional Policy after a Nuclear Deal,” Brookings Institution, March 2, 2015. <http://www.brookings.edu/blogs/markaz/posts/2015/03/02-iran-after-a-nuclear-deal-pollack>

⁵⁹ This figure, provided by the Treasury Department, is net of Iran’s obligations to third parties, including \$20 billion due to China for infrastructure projects that China has performed in Iran.

⁶⁰ “Public Saudi Welcome for Iran Nuclear Deal Masks Private Unease.” *Reuters*, April 3, 2015.

- Iran could decide to increase its assistance to a range of allied governments and armed factions in the region, including President Bashar Al Asad of Syria, Lebanese Hezbollah, Hamas, the “Houthi” rebels in Yemen, and potentially also hardline opposition factions in Bahrain.⁶¹

A counterargument is that a nuclear agreement would give Iran the incentive to avoid actions that could provoke calls among U.S. allies for the reimposition or addition of international sanctions.⁶² President Obama has argued that Iran has a strong national interest in avoiding the reimposition of sanctions or of U.S. military action as a potential consequence of pursuing “expansionist ambitions.”⁶³ Treasury Secretary Jacob Lew has argued that Iran will likely use additional financial resources to rebuild its civilian economy, which has shrunk significantly since 2012 as a consequence of international sanctions, while acknowledging that Iran could potentially use at least some of its additional funds accrued by sanctions relief for potentially destabilizing activities in the region.⁶⁴ A nuclear agreement could also strengthen Iranian moderates such as Foreign Minister Mohammad Javad Zarif, chief Iranian negotiator of the JCPOA, who seek to improve Iran’s international reputation and potentially increase U.S.-Iranian cooperation on some regional issues. Some examples of possible positive Iranian foreign policy outcomes—and other possible shifts—that have been identified in the event that a nuclear deal is finalized include:

- Saudi Arabia and Iran could potentially cooperate on a political solution in Yemen, depending on the Saudi perception of a post-nuclear agreement threat from Iran.
- Iran and the United Arab Emirates, a key Gulf Arab state, might resolve their territorial dispute over Abu Musa and the two Tunb islands in the Persian Gulf.
- Iran could integrate more closely into regional energy solutions, for example by finalizing agreements, long under discussion, to build natural gas pipeline linkages with Kuwait, Oman, and Bahrain.
- Iran could potentially contribute to solutions on some regional issues, such as the civil conflict in Syria and in the U.S.-led effort to defeat the Islamic State organization in Iraq and in Syria, as discussed later in this report.

Israel and the Implications of Its Position on the Agreement

This section was prepared by Jim Zanotti, Specialist in Middle Eastern Affairs, 7-1441

Israeli Prime Minister Binyamin Netanyahu, other Israeli officials, and some private pro-Israel organizations are advocating forcefully for congressional disapproval of the JCPOA under the Iran Nuclear Agreement Review Act of 2015 (P.L. 114-17), enacted on May 22, 2015. Following the announcement of the deal, Netanyahu vigorously opposed it in both a public statement and a telephone conversation with President Obama.⁶⁵ Israel’s security cabinet voted unanimously to register its disapproval of the deal, even though Israel is not a formal party to it. Many other

⁶¹ Ibid.

⁶² “Saudis Make Own Moves as U.S. and Iran Talk.” *New York Times*, March 31, 2015.

⁶³ “President Obama Interview with Jeffrey Goldberg,” *The Atlantic*, May 21, 2015.

⁶⁴ Hearing of the Senate Foreign Relations Committee on the Nuclear Agreement with Iran. July 23, 2015

⁶⁵ Text of Netanyahu’s public statement available at <http://www.pmo.gov.il/English/MediaCenter/Spokesman/Pages/spokeStatement140715.aspx>. For a description of the Netanyahu-Obama conversation, see PM to Obama: Iran will get nukes, with or without breaking deal, *Times of Israel*, July 14, 2015.

Israeli politicians and officials, including opposition leader Yitzhak Herzog of the Zionist Union,⁶⁶ have either explicitly supported Netanyahu's criticism of the deal or voiced their own concerns,⁶⁷ though Herzog and Yesh Atid party leader Yair Lapid (also from the opposition) have insisted that Netanyahu's difficult relationship with President Obama contributed to the diplomatic outcome.⁶⁸

On the other hand, some Israeli commentators are calling on Netanyahu to refrain from all-out efforts to thwart congressional acceptance of the deal, given their skepticism about his ability to decisively influence the process and their stated worries about possible damage or missed opportunities relating to strategic arrangements with the United States.⁶⁹ An unnamed Netanyahu senior advisor has been quoted as saying, "We have little choice now but to try and make sure that the Iranians at least adhere to this deal, as weak as it is."⁷⁰

Israel's response to the July 2015 announcement of a comprehensive agreement on Iran's nuclear program is rooted in a context of deep Israeli concern over the issue. For years, Israeli leaders have described Iran and its reported pursuit of a nuclear breakout capacity as an imminent threat, though there are a range of views among Israeli officials and analysts regarding how to address the threat and the potential implications it has for Israel's security and its international relationships.⁷¹

Before the comprehensive agreement was announced, Israel and the United States reportedly began preliminary consultations on an aid and arms sales package to assuage Israeli concerns regarding the deal. Israeli leaders voice concern that the agreement and its preservation of much of Iran's infrastructure legitimizes Iran's aspirations to be a "nuclear threshold" state, and that sanctions relief for Iran could conceivably increase material support for Hezbollah and other Iranian allies.⁷² Netanyahu said the following during a July 19 appearance on CBS's *Face the Nation* as he argued against the deal and attempted to counter various U.S. and international claims that there is no viable alternative:

⁶⁶ "Israeli opposition head to lobby Washington after Iran deal," *Times of Israel*, July 15, 2015.

⁶⁷ One "high-ranking Israeli military source" has been cited as saying that the deal's various conditions on international inspections give Iran another opportunity to deceive the West, as he asserted was the case with Iran's previously secret nuclear sites at Natanz and Fordow. Ben Caspit (translated from Hebrew), Netanyahu threatens to 'kill himself' in order to stop Iran deal," *Al-Monitor Israel Pulse*, July 15, 2015.

⁶⁸ Mazal Mualem (translated from Hebrew), "Netanyahu hopes Iran deal will be stepping stone to Israeli unity government," *Al-Monitor Israel Pulse*, July 15, 2015.

⁶⁹ See, e.g., Chuck Freilich, "A Good Deal for Israel," *New York Times*, July 20, 2015; Ben Caspit (translated from Hebrew), Netanyahu threatens to 'kill himself' in order to stop Iran deal," *Al-Monitor Israel Pulse*, July 15, 2015; Yossi Verter, "Netanyahu lost his Iran bet, but his next gamble may be disastrous," *haaretz.com*, July 15, 2015.

⁷⁰ "Israel and Iran: A Tough Deal to Swallow," *Economist*, April 8, 2015.

⁷¹ See transcript of testimony from Natan Sachs of the Brookings Institution from the hearing before the House Foreign Affairs Committee on July 16, 2014, at <http://docs.house.gov/meetings/FA/FA00/20140716/102496/HHRG-113-FA00-Transcript-20140716.pdf>. For more information, CRS Report RL33476, *Israel: Background and U.S. Relations*, by Jim Zanotti; and CRS Report R42443, *Israel: Possible Military Strike Against Iran's Nuclear Facilities*, coordinated by Jim Zanotti.

⁷² In an April 6 interview, President Obama said, "I've been very forceful in saying that our differences with Iran don't change if we make sure that they don't have a nuclear weapon—they're still going to be financing Hezbollah, they're still supporting Assad dropping barrel bombs on children, they are still sending arms to the Houthis in Yemen that have helped destabilize the country. There are obvious differences in how we are approaching fighting ISIL in Iraq, despite the fact that there's a common enemy there." "Transcript: President Obama's Full NPR Interview On Iran Nuclear Deal," April 7, 2015.

The first alternative was dismantle Iran's nuclear program for dismantling sanctions. That was the original American position. It was a good one. I offered another alternative, dismantle part of Iran's nuclear facilities, and don't remove those restrictions until Iran changes its aggressive behavior.... That—none of that has been acquired.⁷³

A possibly greater Iranian capacity to affect the regional balance of power in the wake of the deal, along with newly considered U.S. arms sales to Arab Gulf states—apparently calculated to mitigate the Gulf states' own concerns regarding the deal—could potentially affect Israel's "qualitative military edge" over regional threats.⁷⁴ Such considerations are presumably driving Israel to seek tangible measures of reassurance from the United States.

The reported U.S.-Israel preliminary consultations on aid and arms sales may to some extent reflect possible preparation by Israeli officials (since the April announcement of the deal's basic framework) to shift their focus toward insisting on Iranian compliance with and P5+1 enforcement of the deal,⁷⁵ in the event it goes into effect at the end of the congressional review process. Additionally, although some Israeli defense officials hint that a unilateral military strike against Iranian nuclear facilities remains an option to prevent Iran from acquiring a nuclear weapon, most analysts assert that such an option is less viable and likely than in the past.⁷⁶ One former Israeli official who discerned flaws in both the negotiating process and the July agreement nevertheless wrote, "An [Israeli] attack probably could not have achieved more than a few years' postponement of Iran's program, whereas the agreement will do so for at least 10 to 15 years."⁷⁷

Israeli and some other critics of the deal disagree with Obama Administration officials and some of the deal's other proponents about the lessons that the 1994 U.S. agreement with North Korea holds for the agreement with Iran.⁷⁸ In Netanyahu's official reaction to the JCPOA on July 14, he said that "this deal repeats the mistakes made with North Korea."⁷⁹ Secretary of State John Kerry, in July 28 testimony before the House Foreign Affairs Committee, repeated that comparison, saying that "this is a very different agreement from anything that ever existed with North Korea."⁸⁰

⁷³ Transcript of Prime Minister Netanyahu's remarks, CBS's *Face the Nation*, July 19, 2015, available at <http://www.cq.com/doc/newsmakertranscripts-4727802?5>.

⁷⁴ Amos Harel, "Washington, Jerusalem discussing massive compensation for Iranian nuclear deal," *haaretz.com*, May 20, 2015; and Leslie Susser, "The Challenge: Getting the US Back in Israel's Corner," *Jerusalem Report*, May 18, 2015. On May 19, 2015, the Defense Security Cooperation Agency published a notification of a proposed U.S. sale to Israel of \$1.879 billion worth of munitions and associated parts.

⁷⁵ "Israel and Iran: A Tough Deal to Swallow," *Economist*, April 8, 2015; Ben Caspit (translated from Hebrew), "Yadlin says Iran deal isn't a bad agreement," *Al-Monitor Israel Pulse*, April 3, 2015; Efraim Halevy, "Obama was right, Iran capitulated," *Ynetnews*, April 6, 2015.

⁷⁶ According to the *Economist*, "Many military chiefs, including the chief of staff, Lieutenant General Gadi Eizenkot, have serious misgivings; the efficacy of such an attack on dispersed underground nuclear plants is doubtful, and Israel can scarcely afford the diplomatic crisis such a brazen challenge to the international consensus would cause." "Israel and Iran: A Tough Deal to Swallow," op. cit. Russia's announcement in mid-April 2015 that it intends to fulfill its agreement to provide Iran an upgraded anti-aircraft capability (the S-300 system), after having suspended performance for a number of years, may decrease the viability of an Israeli military option even more.

⁷⁷ Freilich, op. cit.

⁷⁸ See, e.g., David E. Sanger, "With U.S. Eyes on Iran, North Korea's Nuclear Arsenal Expanded," *New York Times*, May 7, 2015; Eric Talmadge, "For North Korea, Iran-Style Nuclear Deal Not an Option," *Associated Press*, July 30, 2015; Robert L. Gallucci and Joel S. Wit, "North Korea's Real Lessons for Iran," *New York Times*, April 10, 2015; Michael Auslin, "How North Korea Made the Iran Deal Inevitable," *American Interest*, August 3, 2015.

⁷⁹ See transcript at <http://www.timesofisrael.com/full-text-of-netanyahus-response-to-nuke-deal-it-will-fuel-irans-efforts-to-destroy-israel/>.

⁸⁰ See transcript at <http://www.cq.com/doc/congressionaltranscripts-4734477?2>.

After the comprehensive agreement was announced, the *Wall Street Journal* wrote that “Israeli officials are refusing to discuss with the White House additional American military assistance at least until after Congress completes its review of the Iran deal in September. Instead, Israeli leaders are training their focus on pressing lawmakers to reject the deal and view entertaining any new offers of military assistance as condoning the agreement.”⁸¹ However, opposition leader Herzog has disclosed plans to visit the United States (though no specific date has been announced) “to ask that Israel gets a security umbrella and a series of steps to allow Israel to maintain its advantage in the region due to the new reality coming out of the deal.”⁸² An eventual aid and arms sales package to Israel could reportedly include more annual U.S. military aid to Israel, early supply of F-35 (Lightning II, aka Joint Strike Fighter) next-generation fighter aircraft that Israel is purchasing, sales of refueling planes, and more funding for various U.S.-Israeli co-developed and/or -produced missile defense programs.⁸³

Possible Implications for Persian Gulf Security

In his announcement of the April 2, 2015, framework of the JCPOA, President Obama invited the leaders of the six Arab countries who make up the Gulf Cooperation Council (GCC)—Saudi Arabia, the United Arab Emirates, Kuwait, Oman, Qatar, and Bahrain—to meet at Camp David “to discuss how we can further strengthen our security cooperation, while resolving the multiple conflicts that have caused so much hardship and instability throughout the Middle East.”⁸⁴ In advance of the May 13-14, 2015, summit, the GCC leaders released a statement expressing hope that the framework agreement would “pave the way for a comprehensive final agreement,” provided that such a final agreement meets several general criteria. The joint statement also expressed “aspirations” that “normal relations with Iran” could be “reestablished based on mutual respect of the principles of good neighborliness and respect for the sovereignty of states.”⁸⁵ This latter phrase reflects the unease of many in the Gulf that (1) Iran might attempt to expand its influence in the region, seen most notably recently in Iraq, Syria, Lebanon, and reportedly in Yemen; (2) sanctions relief could give Iran more financial resources to support pro-Iranian governments and factions in the region, as discussed above; (3) a nuclear deal could lead to a broader improvement in U.S.-Iran relations that gives Iranian views on the region increased weight; and (4) a nuclear deal could cause the United States to view the Gulf region as secure and therefore reduce its personnel and equipment deployed in the GCC countries.

Some observers expressed disappointment that only two of the six GCC leaders attended—Amir Sabah of Kuwait and Amir Tamim bin Hamad Al Thani of Qatar. Others noted that those countries whose top leaders did not attend still sent high-level decisionmakers, such as Saudi Crown Prince Mohammad bin Nayef Al Saud and the UAE’s second-in-command Shaykh Mohammad bin Zayid Al Nuhayyan. The joint statement issued after the summit announced a new U.S.-GCC strategic partnership and reiterated that it is U.S. policy to use all elements of U.S.

⁸¹ Carol E. Lee and Gordon Lubold, “Obama Seeks to Reassure Allies—Israelis, Saudis worried over Iran nuclear deal,” *Wall Street Journal*, July 20, 2015.

⁸² “Israeli opposition head to lobby Washington after Iran deal,” *Times of Israel*, July 15, 2015. Herzog’s spokesman was quoted as saying that Herzog would “explain what the problem is with the agreement” but would not try to persuade Members of Congress to block the deal. “Israeli premier criticizes Iran deal; his rival to lobby US,” *Associated Press*, July 15, 2015.

⁸³ Lee and Lubold, *op. cit.*; Harel, *op. cit.*; Susser, *op. cit.*

⁸⁴ The White House, Office of the Press Secretary, Statement by the President on the Framework to Prevent Iran from Obtaining a Nuclear Weapon, April 2, 2015.

⁸⁵ “GCC Consultative Meeting issues Final Communiqué,” *Emirates News Agency*, May 5, 2015.

national power to secure core U.S. interests in the Gulf and to deter and confront external aggression “against our allies and partners...” An annex to the joint statement says that the United States will increase security cooperation with the GCC states in the following ways: (1) facilitating U.S. arms transfers to the GCC states; (2) increasing U.S.-GCC cooperation on maritime security, cybersecurity, and counterterrorism; (3) organizing additional large-scale joint military exercises and U.S. training; and (4) renewing the U.S. commitment to a concept of a Gulf-wide ballistic missile defense capability, which the United States has sought to promote in recent years.⁸⁶ The joint statement also highlighted joint efforts to counter Iran’s “destabilizing activities” in the region as well as a commitment to defeating the Islamic State and to countering violent extremism more broadly. Some observers suggested that GCC leaders were relatively satisfied with the outcome of the meeting.⁸⁷

Senior U.S. officials, including Secretary of Defense Ashton Carter and Secretary of State John Kerry, visited the Gulf in July and August to continue to explain the U.S. position on the Iran nuclear agreement and build on what was agreed at the Camp David meetings. GCC Foreign Ministers reaffirmed their public support for the JCPOA during meetings with Secretary Kerry on August 3, 2015, saying in a joint U.S.-GCC statement that “the Ministers agreed that, once fully implemented, the JCPOA contributes to the region’s long-term security, including by preventing Iran from developing or acquiring a military nuclear capability.”⁸⁸

Implications of the Eventual Lifting of U.N. Arms Sale Ban⁸⁹

The agreement by the P5+1 to eventually lift a ban, imposed by U.N. Security Resolution 1929 (adopted June 9, 2010), on worldwide sales of major conventional arms to Iran has implications for security in the Middle East region. Paragraph 8 of Resolution 1929:

Decides that all States shall prevent the direct or indirect supply, sale or transfer to Iran, from or through their territories or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, of any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register of Conventional Arms, or related materiel, including spare parts, or items as determined by the Security Council or the Committee established pursuant to resolution 1737 (2006) (“the Committee”), *decides* further that all States shall prevent the provision to Iran by their nationals or from or through their territories of technical training, financial resources or services, advice, other services or assistance related to the supply, sale, transfer, provision, manufacture, maintenance or use of such arms and related materiel, and, in this context, *calls upon* all States to exercise vigilance and restraint over the supply, sale, transfer, provision, manufacture and use of all other arms and related materiel.⁹⁰

By all accounts, Iran has not purchased significant quantities of major combat systems since the early 1990s, when it ordered Russian and Chinese-made combat aircraft, tanks, submarines, and

⁸⁶ The White House, Office of the Press Secretary, Annex to U.S.-Gulf Cooperation Council Camp David Joint Statement, May 14, 2015.

⁸⁷ Author conversations with observers from the GCC region. May-June 2015.

⁸⁸ Department of State. Joint Statement of the U.S.-GCC Foreign Ministers Meeting. August 3, 2015.

⁸⁹ Prepared by Kenneth Katzman, Specialist in Middle Eastern Affairs and Christopher Blanchard, Specialist in Middle Eastern Affairs.

⁹⁰ The text of the Resolution can be found at [http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1929\(2010\)](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/RES/1929(2010)).

patrol boats capable of firing sea-skimming cruise missiles.⁹¹ However, Iran's conventional armed forces are capable of engaging in combat with Iran's neighbors, and Iran's Supreme Leader and other Iranian political and military figures have repeatedly warned that Iran can and will take military action if it perceives it is threatened. Moreover, according to recent congressionally mandated DOD reports on Iranian military power, Iran can also project power through its recruiting, advising, and arming of various factions in the region, among them Lebanon's Hezbollah, Iraqi Shiite militia, and some pro-Asad forces in Syria.⁹²

It is possible that U.S. secondary sanctions contributed to a relative lack of additional sales to Iran of major combat systems since the early 1990s. In 1992, in large part as a response to Iran's large weapons purchases, Congress enacted the Iran-Iraq Arms Nonproliferation Act.⁹³ The act imposes a number of sanctions on any person or foreign country that supplies Iran with WMD technology or "destabilizing numbers and types of advanced conventional weapons." Designated persons are prohibited, for two years, from entering into U.S. government procurement contracts, being issued an export license from the United States, or being an end user of U.S. exported goods or services.

Similarly, a designated foreign country is denied, for one year, U.S. foreign assistance, U.S. support in international financial institutions, U.S. co-production agreements, technical exchanges of military or dual-use technology, and U.S. arms. Additionally, the President is authorized to use national emergency authorities to freeze assets of and prohibit transactions with the designated country. The Iran-Iraq Arms Non-Proliferation Act also made some U.S. sanctions under the Iraq Sanctions Act of 1990 applicable to Iran, including a denial of export licenses for U.S. persons, a prohibition on U.S. government arms sales, and a prohibition on commercial sales of any item on the U.S. Munitions List.

The act is not included in the list of sanctions (Annex II) the United States has committed to suspend under the Iran nuclear agreement. The JCPOA does not say that any further U.S. sanctions on third-country arms sales to Iran would constitute a violation of U.S. commitments under the JCPOA.

Lifting of the Ban on Iranian Arms Exports

U.N. Security Council Resolution 2231 also provides for the repeal of the ban, imposed in Resolution 1747, on Iranian arms exports, along with Resolution 1803, which authorizes all states to carry out inspections of air and sea cargoes suspected of violating U.N. embargoes on Iran. Notwithstanding the inspection authorization, the export ban in Resolution 1747 has proven difficult to enforce, and Iran has been able to ship weaponry with few apparent impediments to allies throughout the Middle East, including Hezbollah and the Syrian government. As discussed below, the U.S. military did attempt to support the enforcement of the export ban through inspection operations at sea in some cases. The United States also sought to work with the Iraqi government to prevent Iranian shipments of arms to Syria that overflew Iraqi airspace. However, there is no indication that Iraq cooperated to a degree that slowed or halted the shipments to the Asad government. According to a June 2, 2015, report of the U.N. panel of experts empowered by U.N. Resolution 1929 to monitor Iranian compliance with all Resolutions:

⁹¹ See: Anthony Cordesman. *The Conventional Military*. U.S. Institute of Peace, *The Iran Primer*. <http://iranprimer.usip.org/resource/conventional-military>

⁹² The unclassified summary of the most recent report, dated January 2014, can be found at: <http://freebeacon.com/wp-content/uploads/2014/07/Iranmilitary.pdf>

⁹³ Title XVI, National Defense Authorization Act for Fiscal Year 1993 (P.L. 102-484; U.S.C. 1701 note).

The Islamic Republic of Iran's arms transfers have actively continued, as reflected in numerous media reports, raising concerns among some Member States. The Panel notes that no State has formally reported an actual case of non-compliance although one State has informed the Panel of an offer by the Islamic Republic of Iran.⁹⁴

This export ban in Resolution 1747 and the related inspections provisions of Resolution 1803 are to terminate on Implementation Day of the JCPOA, and are therefore event-driven. The provisions do not expire in a set period in the future, as is the case for the ban on arms sales to Iran or Iran's development of ballistic missiles, which expire five and eight years from Adoption Day, respectively, pursuant to an agreement included as an annex to Resolution 2231.

Other Security Council resolutions that seek to limit arms exports to conflict zones may provide the international community with some basis for interdicting or limiting Iranian arms exports to such zones in the future. Resolution 1701 on Lebanon calls on states to prevent the export of unauthorized arms to Lebanon from or through their territories and authorizes the United Nations Interim Force in Lebanon (UNIFIL) to assist the Lebanese government in securing its borders at the Lebanese government's request. Resolution 2216 on Yemen calls on states to prevent the export of arms from or through their territories to parties in Yemen reported to have received Iranian assistance. The resolution also authorizes states to inspect all cargoes to Yemen that they have reasonable grounds to believe contain prohibited arms shipments. Challenges in the implementation of these resolutions to date may illustrate their limitations as means of limiting Iranian arms exports to these areas.

Implications of the Agreement for Iran's Nuclear-Capable Ballistic Missiles

This section was prepared by Steven A. Hildreth, Specialist in U.S. and Foreign National Security Programs, 7-7635

The Iran nuclear deal focused on Iran's nuclear capabilities, not on Iran's ballistic missile programs. Nonetheless, the agreement ended up extending restrictions on Iran's ballistic missile activities and trade in ballistic missile technologies. However, a key challenge in understanding how Iran's ballistic missile programs might be affected is what the JCPOA and the U.N. Security Council Resolution (UNSCR) 2231 (2015) require under international law. Annex B: Statement 3 of the resolution reads: "Iran is called upon not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology" for up to eight years from Adoption Day; the restrictions may end earlier if the IAEA "submits a report confirming the Broader Conclusion, whichever is earlier" (see "Broader Conclusion" for more information). Iran, therefore, has an incentive to expedite the process of arriving at this point by fully cooperating with the agency. Thus the ban on proscribed activities could extend to the fall of 2023. Even afterward restrictions on those activities could be reimposed "in the event of significant nonperformance by Iran of its JCPOA commitments." Under a strict interpretation of the JCPOA that would ban essentially "any activity related to ballistic missiles," this could mean a virtual halt in the Iranian ballistic missile program. Given that Iran has not flight tested a medium-range ballistic missile since 2012 and has curtailed its short-range ballistic missile (300 km-1,000 km range) tests in the past couple years, this strict interpretation could have a profound effect on denying Iran further development of ballistic missiles or operational confidence in its deployed ballistic missile force.

⁹⁴ Note by the President of the Security Council on report of the Panel of Experts established pursuant to Security Council resolution 1929 (2010), U.N. Document S/2015/401, June 2, 2015.

The meaning of the language in Annex B: Statement 3, however, is ambiguous. The JCPOA reads that participation “is contingent upon the UN Security Council adopting a new resolution [i.e., UNSCR 2231 (2015)] that would ... require States to comply with the provisions in this statement [Annex B] for their respective durations.” But there seems to be a distinction between the use of “shall” throughout other parts of the agreement and the phrase “Iran is called upon” in Annex B, suggesting that this provision is proscriptive without being legally binding. Moreover, the prohibition on “launches using such ballistic missile technology” could be read to apply to many forms of missile testing. Over the years, Iran has expressed its right to pursue its space launch activities as Party to the Outer Space Treaty (1967), which asserts that outer space “shall be free for exploration and use by all States without discrimination of any kind [Article 1].” More recently, following adoption of UNSCR 2231 (2015), Iran issued a statement that “Iranian military capabilities, including ballistic missiles, are exclusively for legitimate defense. They have not been designed for WMD capability, and are thus outside the purview or competence of the Security Council resolution and its annexes.” Thus the ban on proscribed activities could mean little change in the status quo regarding what Iran is pursuing currently in its ballistic missile and space programs, to include continued flight testing of varying range ballistic missiles and continuing its space launch activities.

With regard to the transfer of ballistic missile technology, states are still prohibited by legally binding provisions of the UNCSR from the sale, supply, or transfer to or from Iran of the listed ballistic missile-related items, plus any additional items if a state believes those items could contribute to Iran’s ballistic missile activities. The JCPOA and UNSCR 2231 (2015) set up a procurement channel that requires advance approval by a Joint Commission for requests to transfer nuclear-related items. If such items are approved, end-user guarantees must be in place and Iran should commit to not using the items for the development of nuclear weapon delivery systems. Some observers have assumed this would apply to ballistic missile-related requests as well, but that is not the case. Requests for ballistic missile-related transfers would go directly to the Security Council for decision, where such requests could be vetoed.

Another apparent ambiguity is over what is meant precisely by “ballistic missiles designed to be capable of delivering nuclear weapons.” Neither the Joint Plan nor UNSC 2231 (2015) defines this. However, this is essentially the same formulation used in the previous UNSCRs, which also did not elaborate the concept in greater detail. There is, however, an international norm that was established with the 1987 Missile Technology Control Regime (MTCR) that some experts argue might apply. Category 1, or items of “the greatest sensitivity,” include complete rocket systems (including ballistic missile systems, space launch vehicles, and sounding rockets), and complete unmanned aerial vehicle systems (including cruise missile systems, target drones, and reconnaissance drones) capable of delivering at least a 500 kilogram (kg) “payload” to a “range” of at least 300 kilometers (km). It should be pointed out, however, that Iran is not party to the MTCR and that the MTCR is a political commitment, not legally binding on its members. Finally, U.S. intelligence assessments to Congress have reported for some time that “Iran’s ballistic missiles are inherently capable of delivering WMD,” thus adding uncertainty as to what precise effect the JCPOA and UNSCR 2231 (2015) will have on restraining Iran’s ballistic missile and space launch programs.

After the missile export restrictions contained in UNSCR 2231 (2015) expire, some checks on Iran’s ability to import items for its ballistic missile program will remain. Except for China and North Korea, the countries whose entities have been major suppliers to that program are members of the Missile Technology Control Regime. U.N. Security Council Resolutions prohibit North Korean exports of ballistic missiles and related components.

Implications of the Agreement for Syria, Iraq, and the Campaign against the Islamic State

This section was prepared by Christopher Blanchard, Specialist in Middle Eastern Affairs, 7-0428 and Carla Humud, Analyst in Middle Eastern Affairs, 7-7314

Syria and Iraq

The nuclear agreement with Iran could alter the dynamics of the Syrian and Iraqi conflicts in various ways, depending on whether or how the deal reshapes U.S.-Iranian bilateral relations and the extent to which both governments see the nuclear issue as a gateway to cooperation on other fronts. These factors could result in a number of scenarios in Syria and Iraq.

Status Quo. In this scenario, Iran would continue to pursue its current policy of bolstering the Asad government in Syria and supporting Shiite militias in Iraq. The United States and Iran would both work to contain Islamic State advances in Iraq and Syria, but would not communicate directly or coordinate military operations. Such a scenario could come about if there is no significant trust-building between the United States and Iran following the nuclear deal. Continued U.S. pressure on Iran after the nuclear agreement could reassure Asad that the resolution of the nuclear issue is not sufficient to drive a wedge between Syria and its closest state backer. As a result, the Syrian government may conclude that the deal does not place it under any additional pressure to moderate its stance vis-a-vis the Syrian opposition or civilians. Syrian state media reported that Asad congratulated Iran's Supreme Leader on the deal, and expressed his confidence that Iran would continue to support "just issues" with "greater momentum."⁹⁵ However, it is unknown whether the Syrian government harbors private concerns about the deal's potential repercussions.

Asad destabilized and Abadi empowered. In this scenario, the deal could lead to some thawing in wider bilateral relations between Iran and the United States, facilitating direct cooperation against Islamic State forces in Iraq and potentially in Syria. As part of this effort, Iran might reduce its assistance to the Asad regime, and support a political solution that explicitly includes Asad's departure from office. Asad might respond to the loss of Iranian support by seeking increased military and economic aid from allies such as Hezbollah and Russia, potentially giving these actors greater influence on Syrian political decisionmaking. The potential departure of Asad and the rise of a new Alawi or Sunni government, however, would not necessarily stabilize Syria or result in a government friendly to the United States. In Iraq, Iran could shift its focus from backing Shiite militia forces with little regard for the central government to coordinating support for Iraq security forces and militia groups under the command of Prime Minister Haider al-Abadi.

Asad bolstered and Abadi weakened. The nuclear deal with Iran could also give Iran greater resources to support its allies, including Asad and pro-Iranian officials and groups in Iraq. Increased Iranian military assistance could give the Syrian regime and pro-Iranian Iraqis an elevated sense of security, reducing their willingness to make concessions. Additional Iranian economic aid could improve the Syrian government's ability to provide services, further increasing the disparity in living conditions between government and opposition held areas. However, increased Iranian input in Syrian decisionmaking could also prove internally polarizing, both within the Syrian government and at the working level between Syrian units and Iranian-

⁹⁵ "President al-Assad congratulates Khamenei and Rouhani on final nuclear deal, says it asserts Iran's credibility," *Syrian Arab News Agency*, July 14, 2014, <http://www.sana.sy/en/?p=48381>.

backed Shiite militias. Increased Iranian aid to militia forces in Iraq or pro-Tehran officials could undermine Prime Minister Abadi if it strengthens Iranian allies there to a degree that they outmatch Iraqi security forces and resist direction from Abadi and Iraqi defense officials. As noted above, Iran's ability to funnel any post-deal financial windfall to foreign policy priorities in Syria and Iraq may be constrained given Iran's domestic economic needs and high popular expectations for growth and improved services at home.

Prospects for the JCPOA to Affect Wider Regional Nuclear Proliferation?

This section was prepared by Christopher Blanchard (7-0428), Jim Zanotti (7-1441), and Jeremy Sharp (7-8687), Specialists in Middle Eastern Affairs, and Carla Humud, Analyst in Middle Eastern Affairs (7-7314)

A number of U.S. and international observers have voiced concern that an Iranian nuclear deal would increase the possibility of regional nuclear proliferation by countries such as Saudi Arabia, Turkey, and possibly even Egypt. According to one study, “While a deal with Iran is unlikely to launch a full-blown proliferation cascade, in which Egypt, Turkey, and Saudi Arabia pursue nuclear-weapons options, a deal may cause states to pursue a nuclear hedging strategy—deliberately building up domestic nuclear infrastructure to keep future options open.”⁹⁶ These states would face a variety of obstacles to building nuclear weapons. For example, all of these states have IAEA comprehensive safeguards agreements. Such agreements are widely regarded as effective in detecting the diversion of nuclear material from safeguarded facilities. Any declared nuclear facilities capable of producing fissile material would be placed under IAEA safeguards. Additionally, each country would almost certainly need a considerable amount of foreign assistance or know-how in developing a nuclear weapon. Any assistance would be regulated by international agreements. For example, the NPT says that states-parties shall not “assist, encourage, or induce any nonnuclear weapon State to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices.” Moreover, the provision of nuclear fuel cycle technology to other states is regulated, though not prohibited, by the Nuclear Suppliers Group.

The following section reviews the nuclear issue and Iran as it relates to Saudi Arabia, Turkey, and Egypt.

Saudi Arabia

Saudi officials have made relatively positive public statements about agreements associated with U.S. and other P5+1 members' negotiation with Iran over its nuclear program. Overall, however, Saudi leaders remain skeptical of Iran's intentions and some nonofficial but prominent Saudis have suggested that the kingdom could seek nuclear “parity” with Iran or other unspecified options when the agreement is implemented. Some observers may perceive ambiguity in Saudi Arabia's position on the JCPOA in the absence of a direct and specific endorsement by senior Saudi leaders. However, President Obama and other senior U.S. officials have stated their view that Saudi Arabia supports the JCPOA's terms. After meeting at the White House with President Obama on behalf of King Salman bin Abdelaziz Al Saud in July 2015, Saudi Foreign Minister

⁹⁶ Jeffrey M. Kaplow and Rebecca Davis Gibbons, “The Days After A Deal With Iran: Implications for the Nuclear Nonproliferation Regime,” RAND Corporation, 2015.

Adel al Jubeir “reaffirmed Saudi Arabia’s support for an agreement that prevents Iran from obtaining a nuclear capability.”⁹⁷ He did not explicitly state Saudi Arabia’s support for or opposition to the terms of the JCPOA, as negotiated.

A July 14, 2015, statement attributed to an unnamed Saudi official by the kingdom’s state news agency said that the kingdom has always backed an agreement that would prevent Iran from obtaining nuclear weapons; include strict, permanent inspections of all sites, including military sites; and provide for the reimposition of sanctions in the event of violation. The inspection provisions cited in the statement do not correspond exactly to those included in the JCPOA. The statement further encouraged Iran to use financial resources that may accrue to it for internal development and said that the kingdom looks forward to improving relations with Iran but will respond resolutely to any Iranian action that destabilizes the region. Saudi leaders similarly responded to the March 2015 announcement that a political framework had been agreed by emphasizing their broader context of concern about Iranian regional policies. A later statement by Qatari Foreign Minister Khalid bin Mohammed Al Attiyah specifically welcomed the JCPOA and was attributed to him in media reports in his role as a spokesman for the GCC, of which Saudi Arabia is a leading member.

Many observers have speculated about how Saudi Arabian leaders will respond to the reality that would be created by the JCPOA over time or to any perceived failings by Iran or the United States to live up to their mutual commitments. Specifically, analysts continue to debate whether the kingdom might seek to acquire a nuclear weapons capability or seek a formal nuclear guarantee if Iran moves toward creating a nuclear weapon or retains the capability to do so without what Saudi officials see as sufficient constraints or warning. It is also unclear whether a Saudi movement toward nuclear “parity” with Iran—specifically the adoption of a policy that sought to match Iranian domestic nuclear fuel production capabilities—would take place, how practical such an option remains, and what effect such a policy would have on the Saudi partnership with the United States. Limits on the supply of certain nuclear technology could hinder Saudi efforts in this regard, although close relations with Pakistan could conceivably provide the basis for the transfer of some relevant technology. Experts differ over how feasible or likely such transfers may be.

Saudi officials at the King Abdullah City for Atomic and Renewable Energy (KA CARE) have announced plans to develop as many as 16 nuclear power plants by 2040 in a bid to reduce the domestic consumption of oil and natural gas for electricity production. In March 2015, an Argentine-Saudi state joint venture was established to produce nuclear technology for the kingdom’s nuclear energy program. Later that month, King Salman and South Korean President Park Geun-hye also signed bilateral agreements on “mutual nuclear co-operation for peaceful uses,” that included a memorandum of understanding on the construction of two small South Korean SMART reactors to power Saudi water desalination plants. In June 2015, KA CARE officials signed an agreement with Rosatom (Russia’s state-run nuclear company) to provide a basis for future Saudi-Russian nuclear energy cooperation, including in areas relating to nuclear power and fuel management. It remains unclear whether Saudi Arabia would accept so-called “Gold Standard”⁹⁸ restrictions on domestic nuclear fuel production in order to enter into a bilateral nuclear cooperation agreement with the United States.

⁹⁷ Royal Embassy of Saudi Arabia, Washington, DC, “Saudi Foreign Minister Meets with President Obama,” July 17, 2015.

⁹⁸ The United States has attempted to persuade certain countries with which it is negotiating nuclear cooperation agreements to forgo enrichment and reprocessing and conclude additional protocols. Washington has argued that its December 2009 nuclear cooperation agreement with the United Arab Emirates (UAE) could set a useful precedent for (continued...)

Saudi Arabia has had an IAEA Safeguards Agreement in force since 2009. It has not agreed to an Additional Protocol to that Safeguards Agreement. Isolating Saudi Arabia economically in the event that its nuclear program becomes a matter of proliferation concern would likely prove difficult for concerned parties given the kingdom's central role in the world's oil market, its vast wealth, and its global investment posture.

Turkey

Turkey is one of the regional countries that analysts routinely mention could decide to pursue its own nuclear weapons program—or at least pursue a “hedging” strategy by developing a civilian program that could have future military applications—in the event that Iran acquires nuclear weapons or a nuclear “breakout” capability. As a member of NATO, Turkey benefits from a formal NATO security guarantee. Given the deterrence that the United States and other nuclear-armed NATO members (the United Kingdom and France) provide via the security guarantee, and given the U.S.-supplied nuclear arsenal under the alliance's military command (reportedly including some nuclear weapons based in Turkey), Turkey may be less likely to pursue its own nuclear weapons program. At the same time, Turkey's general defense strategy emphasizes self-reliance.

The NATO security guarantee may partly explain Turkish leaders' seemingly greater openness than Israel and Gulf Arab states toward a deal that permits Iran to maintain some nuclear infrastructure while using time-based limitations to constrain its ability to stage a nuclear breakout. Turkey's cautious support for a deal and the sanctions relief set to accompany it may also stem to some extent from Turkey's dependence on Iran for many of its energy consumption needs.

As part of a broad Turkish strategy to increase domestic energy production and reduce the country's current dependence on foreign sources, Turkey has entered into an agreement with a subsidiary of Rosatom (Russia's state-run nuclear company) to have it build and operate what would be Turkey's first nuclear power plant in Akkuyu near the Mediterranean port of Mersin. Construction, which had been planned for several years but was delayed by safety considerations raised at least in part by the 2011 Fukushima Daiichi incident in Japan, began in April 2015. According to a media report, “A second plant is due to be built by a French-Japanese consortium in the northern Black Sea city of Sinop, while a third plant, the location of which is yet to be finalized, is also planned.”⁹⁹

Egypt, Israel, and a WMD-Free Zone in the Middle East

Since the Egyptian military's 2013 ouster of former president Mohammed Morsi, a leading Muslim Brotherhood figure, Egypt and the Gulf monarchies have become diplomatically more closely aligned, leading some to speculate how Egypt, the Arab world's largest country comprised

(...continued)

mitigating the dangers of nuclear proliferation. For example, President Obama argued in May 2009 that the agreement “has the potential to serve as a model for other countries in the region that wish to pursue responsible nuclear energy development.” Similarly, then-State Department spokesperson P.J. Crowley described the agreement as “the gold standard” during an August 5, 2010, press briefing. See President Barack Obama, Message to the Congress Transmitting a Proposed Agreement for Cooperation Between the Government of the United States of America and the Government of the United Arab Emirates Concerning Peaceful Uses of Nuclear Energy, May 21, 2009; and, State Department Press Briefing, August 5, 2010.

⁹⁹ Burak Akinci with Stuart Williams, “Protests as Turkey starts work on first nuclear power plant,” AFP, April 14, 2015.

mostly of Sunni Muslims, will react to the Iran nuclear deal. Egypt and Iran have been mostly at odds since Iran's 1979 revolution.

Israeli Prime Minister Binyamin Netanyahu has argued that as a result of the nuclear agreement with Iran, "there will be a nuclear arms race in the Middle East," and predominately Sunni Arab nations such as Saudi Arabia, Turkey, and Egypt will seek to become nuclear threshold states. In February 2015, Russia and Egypt signed a memorandum of understanding to build Egypt's first commercial nuclear power plant in Alexandria. Although the possibility of a more robust Egyptian nuclear program developed to counter Iran's nuclear program is a possibility, it may be more likely that Egypt would pursue civilian nuclear power for economic rather than political purposes. According to one analyst, "The Egyptian reactor is a concept that has been in the works for years.... This is just the initial stage of the project. It is not in any way related to the current negotiations with Iran. It is about Egypt's need for energy. Egypt does not have enough gas. They want to diversify their energy market."¹⁰⁰

Moreover, since the early 1990s, one core principle of Egyptian foreign policy has been to advocate for the creation of a WMD-free zone in the Middle East, a policy seemingly directed against Israel, which is presumed to have a large arsenal of nuclear weapons and several delivery mechanisms. Israel's ambiguous status is viewed by some members of the international community as an obstacle to advancing nonproliferation objectives. Over the duration of a JCPOA designed to prevent Iran from obtaining nuclear weapons, the international focus on Israel's nuclear status might intensify. It is unclear whether or how Israeli leaders might feel compelled to change the country's proclaimed status or actual posture if they perceive either threats from Iran and/or other regional states to Israel's presumed regional nuclear exclusivity, or growing international pressure on the nonproliferation front.

Discussion of holding a regional conference on the creation of a WMD-free zone in the Middle East has been an issue at recent NPT Review Conferences (one is held every five years). At the 2010 Review Conference, state parties agreed to a set of steps meant to move toward the creation of such a zone, including the convening of a regional conference. In the intervening period, several consultations were held, with states expressing frustration at their collective inability to agree on an agenda or terms for such a conference.¹⁰¹ At the 2015 Review Conference, Egypt sponsored a resolution proposing that the United Nations convene a regional conference on banning weapons of mass destruction (WMD) without broad agreement on an agenda or discussion of regional security issues. The United States, Britain, and Canada opposed these terms and rejected the Review Conference's Final Document, which included the Egyptian proposal. Israel, which is not an NPT signatory, attended the conference as an observer for the first time ever, and also rejected the Egyptian proposal.

The Egyptian government and media have reacted cautiously to the nuclear agreement with Iran. According to the Egyptian Foreign Ministry, Egypt hopes that "the deal between both sides is complete and prevents an arms race in the Middle East as well as ensuring the region is free of all weapons of mass destruction, including nuclear weapons."

¹⁰⁰ Zack Gold cited in Gedalyah Reback, "Will Egypt Go for its Own Nuclear Weapon?" *Arutz Sheva* (Israel), March 3, 2015.

¹⁰¹ For an overview of the subject and related diplomacy, see Arms Control Association, "WMD-Free Middle East Proposal at a Glance," June 2015.

Implications for U.S.-Iran Relations¹⁰²

There is debate over whether the JCPOA will alter the broader U.S.-Iran relationship and, potentially, U.S. strategy in the Middle East. Iran and the United States have been mostly at odds since the February 1979 Islamic revolution, and came into limited naval conflict during the 1980-1988 Iran-Iraq war, when U.S. forces defended the GCC states from attack by Iran. In 1984, the United States placed Iran on its list of “state sponsors of terrorism” and has accused Iran of numerous acts of terrorism against the United States and its interests. Iran is holding four dual U.S.-Iran nationals in Iran on charges that U.S. officials say have no merit, but this issue was not part of the JCPOA.

Iran’s Supreme Leader Ayatollah Ali Khamene’i, who reportedly is concerned that the nuclear deal could increase U.S. cultural, political, social, and economic influence in Iran, has asserted that a JCPOA will not be accompanied by a breakthrough in U.S.-Iran relations, nor will the deal change Iran’s policy in the region. The United States has publicly asserted that the nuclear negotiations centered only on that issue, and did not seek to resolve all the issues in U.S.-Iran relations.

Some in the Obama Administration, including President Obama, assert that the nuclear deal could open up new opportunities for U.S.-Iran relations. In interviews after the April 2, 2015, framework for the JCPOA was announced, President Obama stated that he hopes that a finalized deal “ushers in a new era in U.S.-Iran relations.”¹⁰³ This view in the Administration is predicated, at least in part, on the forecast that the nuclear deal will empower more moderate elements in Iran and give Iran a stake in regional stability. Some assert that the Administration might even be open to realigning U.S. policy to perhaps a more neutral position between Iran and Sunni Arab allies of the United States.¹⁰⁴ At the same time, Administration officials say they are “not counting on” political change in Iran or a change in Iranian policy in the region as justification for the JCPOA.

As noted above, the nuclear deal could build on some already existing tacit cooperation between the United States and Iran on several regional issues. U.S. diplomats negotiated with Iranian officials to form the post-Taliban government in Afghanistan in late 2001, and Iran and the United States have tacitly cooperated in the formation of virtually all post-Saddam governments in Iraq. U.S. officials acknowledge that bilateral meetings on the comprehensive accord have discussed the threat posed by the Islamic State organization, the situation in Bahrain, and the fate of three American nationals confirmed or believed held by Iran. On Iraq, the United States and Iran are indirectly cooperating to support the Shiite-dominated government of Prime Minister Haider Al-Abadi against Islamic State forces. On Syria, although Iran continues to support the government of President Assad, U.S. officials reportedly want to try to persuade Iran to help move Assad aside, in part to blunt the appeal of the Islamic State.¹⁰⁵

A possible hindrance to any post-nuclear agreement U.S.-Iran rapprochement will be remaining U.S. sanctions and issues unrelated to nuclear issues. U.S. officials have stressed that no sanctions that address long-standing U.S. concerns about Iran’s use of terrorism or its human rights abuses

¹⁰² For detail on U.S.-Iran relations, see CRS Report RL32048, *Iran, Gulf Security, and U.S. Policy*, by Kenneth Katzman.

¹⁰³ Roger Cohen. “U.S. Embassy, Tehran.” *New York Times*, op-ed. April 8, 2015.

¹⁰⁴ Gardiner Harris. “Deeper Middle East Aspirations Seen in Obama’s Nuclear Deal with Tehran.” *New York Times*, August 1, 2015.

¹⁰⁵ Gardiner Harris. “Deeper Middle East Aspirations Seen in Obama’s Nuclear Deal with Tehran.” *New York Times*, August 1, 2015.

will be eased as part of a nuclear deal with Iran. U.S. officials also maintain that the nuclear deal will not cause the United States to cease its public criticism of Iran's human rights practices and its detention of U.S. citizens, nor to impose additional penalties on Iranian entities under the various U.S. sanctions laws that will remain in effect. In agreeing to the JCPOA, Iran has tacitly accepted this position, even as it asserts that the entire U.S. sanctions regime on Iran has no legitimacy.

Implications of the Agreement for the Global Oil Market

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The global oil market in 2015 is characterized by weak prices and general oversupply as a result of modest world oil demand growth as well as the decision by the Organization of the Petroleum Exporting Countries (OPEC) to defend market share rather than price. If Iran expands its oil exports to traditional levels, oversupply in the market will likely worsen and prices would remain weak. The major question regarding Iran's oil exports is how quickly they would occur. A quick and large expansion of exports might cause prices to fall rapidly, perhaps by as much as \$15 per barrel. A more measured expansion of exports might cause a more moderate downward pressure on price.

Iranian Minister of Petroleum Bijan Zanganeh asserted that Iran will come back into the oil export market quickly. He claimed that Iran could send 500,000 barrels per day to the market immediately upon the easing of international sanctions, and up to 1 million barrels per day within six months, a claim supported by some other analysts.¹⁰⁶ Oil export increases of these magnitudes would likely trigger a sharp downturn in prices.

Although it is thought that Iran holds up to 30 million barrels of oil in storage aboard tankers, which, in principle, could enter the export market quickly, even the availability of that oil is open to question. Questions that would need to be answered include: has the quality of the oil deteriorated after long storage, is the oil of the quality most desired on today's market, and can Iran arrange commercial transactions at favorable prices given the condition of the market and Iran's long exclusion from the market due to the sanctions? It is expected that Iran will have to make significant investments in both existing fields and new fields to be able to increase production. Recognizing these problems, and the likely difficulty in securing investment funding, the Energy Information Administration estimates that for Iran to expand production by about 700,000 barrels per day, it would take until the end of 2016.¹⁰⁷ Increases of production and oil exports on this scale would have a relatively gradual effect on prices.

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¹⁰⁶ Payvand News of Iran, June 4, 2015, and Angelina Rascouet and Hashem Kalantari, "Iran Can Add Million Barrels a Day of Oil If Sanctions Halt," Bloomberg Business, March 17, 2015.

¹⁰⁷ Energy Information Administration, "Short-Term Energy and Summer Fuels Outlook," April, 2015.