

**Requirements And Indicators Of Actual
Verification Of Lifting The Sanctions
To Achieve The Economic Interests Of
The Islamic Republic Of Iran**

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Requirements And Indicators Of Actual Verification Of Lifting The Sanctions To Achieve The Economic Interests Of The Islamic Republic Of Iran

Abstract

based on Article (6) of the "Strategic Action for Lifting Sanctions and Protecting the Interests of the Iranian Nation" act passed by the Islamic Consultative Assembly (Parliament of the Islamic Republic of Iran) in December 2020, several indicators have been set on the issue of Lifting the sanctions and benefiting Iran's economy thereof. These indicators include complete normalization of whole banking relationships, complete removal of export barriers, free sale of Iranian oil and oil products, and complete and quick return of currency from there. Furthermore, according to Article (7) of the same act, the government (Executive power) must report to the Parliament on sanctions lifting, where the relevant Commissions of the Parliament have to make their evaluation of the government's report. These two articles together imply that economic benefits must accompany the lifting of sanctions, and these benefits should be verified precisely and measurably.

What matters now is what criteria and indicators should be used to verify whether the Iranian economy benefits from the lifting of sanctions. In another report entitled "Managing the

country's economy in the face of sanctions; the need to plan the national economy with the assumption of the continuation of sanctions" in detail and briefly in the present report, it is explained that the United States - As in the past- will use various economic, political and legal means that even if sanctions are lifted legally , it will still prevent Iran's economy from benefiting out of sanctions relief.

It is important to note that the use of a mere legal approach to lift the sanctions from a legal standpoint —the privative approach— is a strategic mistake and will not lead to Iran's economic benefit when the United States of America, due to its lack of serious will to lift sanctions, is trying to increase the risk of economic cooperation with Iran by employing various means. Compiling extensive lists of US sanctions against Iranian individuals and legal entities and insisting solely on the legal lifting of these sanctions can be regarded as signs of this flawed privative approach. The following are some of the reasons for the lack of success in adopting a mere legal approach to lifting sanctions:

a. legal evasions and placing obstacles in the way of the authentic lifting of sanctions by the united states;

- Completion of the legal infrastructures related to sanctions and their permanent nature,
- Intertwining nuclear and non-nuclear sanctions and imposing regulation to make the sanctions on Iran inseparable,
- Official and bipartisan acknowledgment by US officials of the need to conclude a new comprehensive agreement with Iran;



Based on experiences, even if the US intends to lift sanctions on paper, it will use various tools to prevent Iran's economy from realizing the real and full economic benefit.

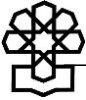
b. Preventing Iran by the United States from benefiting from the lifting of sanctions;

- Taking no effort in improving the risk index of interaction and cooperation of other countries with the Iran economy and
- trying to maintain the current level of cooperation risk,
- Disrupting one of the links in Iran's chain of foreign Economic cooperation,
- Exaggeration in giving the minimum rights (advantages) due to the lifting of sanctions and showing drawbacks as an advantage such as granting specific & general licenses instead of the lifting of sanctions,
- Increasing the political and economic risk of cooperation with Iran through formal rhetoric, media attacks, and informal pressures.

In general, using a mere legal approach in the present situation cannot provide the possibility of authentic verification of the lifting of sanctions and benefiting the Iranian economy in practice. Therefore, in addition to insisting on the legal lifting of sanctions, **operational** and **measurable** criteria as an **affirmative approach** should also be designed to verify the benefits of the lifting of sanctions. These indicators should be introduced as conditions of Compliance with the commitments and as preconditions for fulfilling the nuclear Actions of the Islamic Republic of Iran; these

include demanding and ensuring the export of a certain minimum level of oil and oil products, conducting transactions easily by using revenues from export, the realization of a certain level (threshold) of monthly transactions and banking operations by targeted foreign banks and operational review of rules related to the international economic activity of Iranian Individuals and legal persons, which is assessed in detail in the present report. The verification of the actual lifting of the sanctions and the realization of the measurable criteria (indicators) determined by Iran is impossible in just a few hours or a few days. The stated process will take **at least 3 to 6 months**.

Accordingly, based on the definite policy of the Islamic Republic of Iran and the emphasis of the Leader of the Islamic Revolution on **the necessity of prioritization of verification over the fulfillment of obligations by Iran**, and also Compatible with the aforesaid Iranian Parliament Act, it is factually necessary and also legally mandatory to verify the benefit of the lifting of sanctions by Iran based on quantitative and operational indicators. Furthermore, adopting a mere legal approach—focusing on the apparent lifting of some or even all sanctions, regardless of whether such a lifting also leads the sanctions to be lifted in practice—which may be overcome and followed due to the prioritizing of short-term political interests over national and long-term interests, must be avoided. The parliament's role in verifying the actual lifting of the sanctions and the realization of the criteria of Iran's economic benefit from the lifting of the sanctions is vital and unquestionable. Examining the explicit text and spirit of Article (7) of the Law on "Strategic Action for Lifting Sanctions



and Protecting the Interests of the Iranian nation" and the detailed proceedings of parliament in the process of passing the mentioned law implies that the Re-commitment of Iran to the nuclear actions according to JCPOA, is possible just after the authorization issued by the Islamic Consultative Assembly. In Turn, This permission in accordance with the mentioned Act will issue by the Parliament only after lifting the sanctions totally and the fulfillment of the measurable criteria.

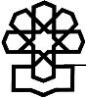
Introduction

Article (6) of the Law on Strategic Action for Lifting of Sanctions and Protecting the Interests of the Iranian Nation is stated as follows: "The Government of the Islamic Republic of Iran must cease verification measures beyond IAEA safeguards including the voluntary implementation of the Additional Instrument (Protocol) two months after approval of this law in the Islamic Consultative Assembly if the Contracting States, including the 4 + 1 (Germany, France, United Kingdom, China, and Russia) fail to fulfill their obligations to Iran and failure in the normalization of full banking relationships and the complete removal of barriers to exports and free sales of Iranian oil and petroleum products and full and rapid return of subsequent revenues from sale." The Demand of Article (6) of this Act is the full normalization of banking relationships, the complete removal of barriers to the export and free sale of Iranian oil and oil products, and the complete and rapid return of the currency obtained from oil and

oil product exports.

Article (7) of this law also states: "If the Contracting States, including the 4 + 1 countries (Germany, France, the United Kingdom, China, and Russia), fulfill their obligations and completely lift the nuclear, military, human rights, etc. sanctions against the Islamic Republic of Iran, the government is required to submit a detailed report on the activities to parliament. The National Security and Foreign Policy Commission, as well as the Energy commission of the parliament, should submit their assessments of this report to the Islamic Consultative Assembly to be decided in the parliament, under paragraph (7) of Article (45) of the Rules of Procedure of the parliament."

The key question of the present report is: what are the requirements for the actual lifting of sanctions? Based on what indicators, is it possible to verify that the sanctions have been lifted in practice and the full benefit by Iran of the lifting of the sanctions has been economically realized? The first part of the report will explain why in the current situation, adopting a mere legal approach to the lifting of sanctions is a strategic mistake and why this approach cannot provide explicit economic benefit for the Iranian economy. In the second part of the report, the desired approach is introduced. It is explained why the benefits to Iran's economy due to the lifting of sanctions have to be verified through operational and measurable criteria and indicators and, after this verification, Iran should begin to fulfill nuclear-related measures in accordance with JCPOA.



1. Criticism Of The Mere Legal Approach To The Lifting Of Sanctions And Negligence Of Actual Verification

This section will explain why, in the current situation, following out a mere legal approach cannot provide the basis for Iran's economy to benefit from the removal of oppressive, unjust, and illegal US sanctions against the Islamic Republic of Iran. A mere legal approach assumes that the necessary and sufficient condition for benefiting of lifting of sanctions is only the legal lifting of sanctions. Hence, to better implement this approach, experts' main focus before starting negotiations is to take a serious effort to gather the titles of sanctions to their fullest extent and provide a comprehensive and extensive list of US sanctions. Furthermore, during the negotiations, the main focus is to make strenuous efforts to lift the listed sanctions legally[1].

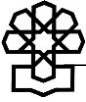
In what follows, we first examine the complex legal architecture created by the US government and argue that this deliberate complexity will enable the US to put obstacles in lifting the sanctions. The second part answers the following question: Given all of these legal complexities, if the United States ostensibly tries to lift sanctions on Iran, is it possible for the Iranian economy to benefit from them?

1-1. Us Legal Evasions And Putting Obstacles In The Way Of Lifting Of Sanctions

The macro-analysis of documents of US sanctions against Iran and a review of US policy on sanctions over the years indicate that, in practice, the issue of "removal of sanctions" is very complicated due to the lack of US' serious will to lift oppressive, unjust and illegal sanctions against Iran. Understanding these complexities depends on designing and building a comprehensive picture of sanctions [2]. The bottom line is that the actual economic benefits of sanctions removal—provided that there is a solid will to lift sanctions—are far more complex and frustrating than the "lifting of sanctions" itself. In this section, based on the comprehensive interpretation of documents of the US sanctions, it can be understood that from the beginning, the US has always sought to establish a solid legal infrastructure within the legal system of the United States, to impose sanctions on the Islamic Republic of Iran. Hence, removing sanctions is a tortuous and frustrating path without the will and taking severe actions by the United States. Some of the factors that confirm this idea are presented in the following [3]:

1-1-1. Completion Of The Legal Infrastructure Related To Sanctions And Their Permanent Nature

In recent years, the US executive branch has enforced and strengthened sanctions against Iran's economy based on legal documents. It is important to note that the issue of sanctions has transferred from the US executive branch's predominant Competency to the US legislating branch so that crucial sectors of



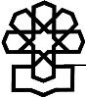
the Iranian economy have all been sanctioned under US congressional Acts. A review of these legal documents indicates that no time limit for the end of sanctions is specified in most of them. Still, on the contrary, there are cases where if the US President for some reason wants to suspend or reduce sanctions against a country, he or she should do this periodically on a limited basis (at most for two 6-month periods). He or she also has to report to the US Congress regularly and extend the suspension every six months. In the United States' legal system, the imposition of sanctions is considered permanent and unconditioned; however, the suspension of sanctions is temporary and conditional. It seems that both during the JCPOA implementation and in the future, the removal of sanctions on Iran was not and will not be on the agenda of the US. This ratcheting mechanism means that even if there is political will in the executive branch of the US, according to the above explanations, it cannot remove the sanctions and can only give waivers.

In contrast, if the US is willing to cease the current sanction's agenda, it can suspend Iran's sanctions for a certain period and cannot remove the sanctions permanently. As a result, there is always the ability to impose new sanctions. In January 2020, the Congressional Research Service explained that the suspension and removal of US sanctions on Iran need to go through some procedures in the US House of Representatives and then require further presidential actions. It is important to note that the conditions under which the US sanctions regime against Iran can be removed, and the clauses and articles attached to this regime

are designed to be so strict and multifaceted. For example, they are beyond nuclear issues in many cases, and they are overlapping with some issues like so-called counter-terrorism, preventing human rights violations, etc. The fulfillment of these conditions and, consequently, the possibility of removing (terminating) sanctions seems to be impossible [4]. In fact, the impossibility of sanctions' removal and their reversibility (in a situation where sanctions on Iran suspended for a certain period based on a tactical and political "decision" in the United States) is an issue that has been consolidated in the structure of sanctions documents of the United States against Iran.

1-1-2. Intertwining Of Nuclear And Non-Nuclear Sanctions And Imposing Rule-Making To Increase The Inseparability Of Sanctions Related To Iran

Simultaneously, with the United States' withdrawal from the JCPOA and the re-imposition of all suspended nuclear sanctions, a new strategy known as the "sanctions wall" was put on the US foreign policy agenda toward Iran. Under the new strategy, Iranian sectors, organizations, and economic institutions that had previously been sanctioned due to the nuclear issues claimed by the US, this time were sanctioned based on other claimed issues such as supporting terrorism, human rights abuses, the proliferation of weapons of mass destruction, and regional destabilization. The result of this intertwining of nuclear and non-nuclear sanctions is that even if the so-called nuclear sanctions are lifted, the main Iranian sectors, institutions, and organizations will



not escape the US sanctions due to false and baseless allegations labels and tags.

1-1-3. Official And Bipartisan Acknowledgment By Us Officials Of The Need For A Comprehensive Agreement With Iran

Officials from the two primary US parties believe that the impact of sanctions on Iran should be significant enough to force Iran to reach an extensive and comprehensive agreement. It's a bipartisan consensus that the agreement should include all significant issues, including among others, missiles program, nuclear program, and regional activities. US leaders have made it clear that if the Iranian government wants to end economic pressures, Iran must reconsider its security and foreign policy strategies completely and comprehensively (not selectively). The above recommendation is one of the basic strategies of US foreign policy towards Iran, which has already begun, and it seems that more widespread signs of it will be seen in the future. This strategy will have an important implication for Iranian policymakers; sanction is a long-term phenomenon. The country's economic structures must be rearranged on the assumption that sanctions will persist.

1-2. The Us Preventing Iran From Benefiting Economically From The Lifting Of Sanctions

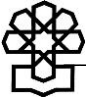
An important question arises here. With all the legal complexities of the US sanction regime against Iran, if the United States lifts sanctions on Iran (suspends sanctions, not terminate them), is it possible for the Iranian economy to benefit? In the following, it will be explained that, based on experience, even if the US intends

to lift sanctions on paper, it will use various tools to prevent the Iranian economy from actually benefiting. This issue has an important implication for the Islamic Republic of Iran regarding the factual verification of lifting of sanctions and on the issue of reimplementing its measures under JCPOA.

1-2-1. Efforts To Maintain The Current Level And Not Adjust The Risk Index Of Interaction And Cooperation Of Other Countries With The Iranian Economy.

Cooperation risk is an essential and vital component in international cooperation and is usually neglected in the case of the cooperation between the Iranian economy and foreign Individuals and legal persons: cooperation risk, is the most critical component that drives the movement of economic agents and international traders. The risk index (which is Intrinsically a subjective concept) is the result of essential parameters that one of which is the legal infrastructure of sanctions. It seems that at present, the most crucial factor that determines the risk of cooperation with Iran is the past, present, and future behavior of the leaders of the countries that impose political, security, and economic sanctions on Iran.

The sudden withdrawal of the United States from the JCPOA in May 2018 is one of the prominent factors determining the future risk of cooperation with the Iranian economy. Following US withdrawal, foreign companies and banks, faced with the **intensity** and **speed** of the re-imposition of US sanctions. Hence, it is improbable that foreign Individuals and legal entities will seek to cooperate with Iran on - projects lasting more than 180[5] days.



To restate, since the withdrawal of the US from the JCPOA, the perception that it is challenging to re-impose sanctions against Iran has been shattered. Moreover, Iranian and foreign economic actors have realized that the United States can reimpose all sanctions immediately despite its previous promises and commitments. This new perception has resulted in a significant rise in the mental and operational risk[6] of cooperating with the Iranian economy since then.

Therefore, further US re-entry to JCPOA that does not reverse the perception that the US at any time can reimpose sanctions on Iran and companies that cooperate with Iran and consequently does not reduce the mental and operational risks on dealing with Iran will not ensure the economic interests of Iran. If Expected Results of lifting the sanctions are not entirely fulfilled in practice, there would be no reason for Iran to reimplement its measures under JCPOA. So it becomes clear that the maximum focus on the mere legal lifting of sanctions is a strategic mistake because it has a minimal effect on the risk index of cooperation with the Iranian economy. As explained, the risk of cooperation with Iran created by the United States is affected by several factors, and the legal infrastructure of sanctions is only one of them.

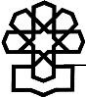
The following, two of the most critical factors affecting the modification of the risk index, created by the United States, in the cooperation of countries with the Iranian economy will be discussed. These factors are the key criteria for the Islamic Republic of Iran in verifying the actual lifting of sanctions.

a. Revising All Sanctions Lists In An All At Once, Fundamental And All-Inclusive Manner:

With lifting some part of sanctions (for instance, sanctions related to Iran's nuclear issue), while remaining only an insignificant part of sanctions in place (such as sanctions related to terrorism, Iran's ballistic missiles and human rights abuses, etc.), the names of sanctioned individuals and entities will remain in Risk Assessment List of all governmental and banking systems plus international and transnational institutions. In other words, each foreign economic activist, especially from developed countries, has to get enough license from the office for export control and organizations related to the political risk assessment before engaging in economic cooperation with the country whose individuals or entities has been sanctioned. Besides this, strict conditions will be imposed on dealing with sanctioned entities and institutions, including banking relations. In such situations, practically most economic agents and activists avoid the risk in cooperation with the country whose individuals or entities has been sanctioned, and as a result, first, the foreign-economic relations of the country will be canalized toward specific dangerous tracks, and second, the country's economy will not benefit fully or even partially from the benefits of legal lifting of sanctions.

b. Substantial Change Of Fincen Performance Procedure (Financial Crimes Enforcement Network) In Case Of Iran:

Financial Crimes Enforcement Network is a bureau of the U.S. Department of the Treasury. The network, with the supposed principal mission "to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial



authorities” and "As one of the world's leading FIUs, FinCEN exchanges financial information with FIU counterparts around the world in support of U.S. and foreign financial crime investigations." Plays a crucial role in determining the amount of risk in dealing with Iran. Some destructive efforts of this network are as follows: publishing warning reports on Iran's whole financial system, a compilation of cross-sectional (case) reports about dangers of dealing foreign Individuals and entities with Iran's economy, offering enhanced instructions in the issue of Customer Due Diligence.

One of the effective components in declining the amount of risk associated with Iran is the substantial change of FinCEN performing procedure in case of Iran. The necessary conditions to decrease the risk level created. magnified and conducted through Iran by the US is as follows: essential revision of instructions, regulations, and former warning reports, eliminating the name of Iran from high-risk jurisdiction in money laundering, redefining the subject of the customer Enhanced Due Diligence (EDD) in the interaction between foreign legal entities and persons and Iranian counterparts[7]" etc....

1-2-2 The Possibility Of Interruption In One Of The Links In The Chain Of Cross-Border Engagement Related To Iran's Economy:

Economic engagement and exchange between "Iran's sections and companies" and "foreign trade parties" and taking advantage of it depend on the intact function of entire economic components and chains such as the following: financial transfers, logistics and transportation, insurance services, and supplying technological

necessities to production, etc. If there is a defective link in this chain or the chain is not functioning due to other sanctions (such as central bank of Iran sanctions, banking system sanctions, or Iran's shipping sanctions) then Iranian economy will not benefit from the lifting of sanctions.

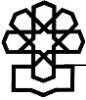
1-2-3. Possibility To Zoom In On Minimum Advantages (Superficial Lifting Of Some Sanctions) And To Pretend Some Disadvantages As Advantages

An important point that is often overlooked in analyses and sometimes in negotiation processes is the difference in the essence of Iran's measures and those of the other parties of the JCPOA. Iran's nuclear measures are all technical and physical, and as a result, are quite tangible and observable. Nonetheless, the other side's commitments are inherently intangible and non-quantitative, and the distance between the suspension of sanctions and economic gain for Iran is much greater than what can be imagined. Therefore, it seems that the United States has enough capacity to use two dangerous maneuvers in negotiation with Iran.

a. Superficial Lifting Of Some Unimportant Restrictions And Sanctions:

Such measures in comparison with Iranian economy as a whole have very little significance and are not enough to be considered a "privilege" by the United States granted to Iran.

b. Granting On A Case By Case Basis And Temporary Exemptions Instead Of The Lifting Of Sanctions Under General Or Specific Licenses:



Some Iranian officials believe that the issuance of such licenses indicates the failure of the US sanctions strategy against Iran in certain areas and that foreign stakeholders in trade with Iran have put pressure on the US and obtained licenses to engage with Iran in certain areas. Another view is that issuing any licenses or considering relief in implementing sanctions is part of the puzzle of US sanctions against Iran and should be analyzed in this context. Proper knowledge of the adversary and reference to the experience demonstrates that the second view is more realistic accurate. This perception must be built that any exemption or relief in sanctions by this way completes the US "maximum pressure" puzzle against Iran. Also, both general and **specific** exemptions are issued based on a set of binding rules in US legal system so that their application, rather than serving to economic benefits for Iran, pave the way for channelization Iran's foreign trade and consequently, imposing more pressures in the future on Iran.

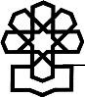
1-2-4. Possibility Of Increasing Political And Economic Risk Of Interaction With Iran Through Official Rhetoric, Multimedia Actions, And Informal Pressure:

Recent years' experience has shown that a part of sanctions power is related to US officials' actions in the media and informal sphere with instruments such as official rhetoric in order to strengthen sanctions pressure against Iran. Furthermore, these tools are applied to intimidate countries and companies seeking economic cooperation and interaction with Iran. Official rhetoric refers to US and European officials' speeches and official statements about the high political risk of engaging with Iran. This type of

instrument has been used repeatedly and regularly against Iran during the period after the implementation of JCPOA. As a result of these official actions, propaganda machines and puppet lobbies have launched a massive media attack, intimidating foreign banks and business parties about dealing with Iran. The Foundation for Defense of Democracies, Iranwire, Iranwatch, United Against Nuclear Iran, etc., are institutions that constantly monitor foreign companies and banks' interaction with Iranian individuals and legal entities. They update the relevant information and publish them on their websites. Even if such propaganda attacks do not prevent some foreign individuals and legal entities from interacting with Iran, the US-Zionist Puppet intelligence agencies will threaten them by sending secret messages and letters about interacting with Iran, warning them of the consequences of economic relations with Iran.

2. Desired Approach; Authentic Verifications Of Removal Of Sanctions Based On Measurable Indicators

The United States uses a variety of economic, political, and legal instruments, as mentioned in section 1, that, even if sanctions are lifted legally, could still prevent any real benefits of Iranian economy of sanctions relief. Thus, adopting a mere legal approach can in no way provide the country its national interests. In particular, along with the persistent focus on the legal removal of sanctions, there must be conditions based on practical and measurable indicators that show Iran's economy benefits from the lifting of sanctions. Such indicators are essential and should be



claimed as conditions of re-implementing JCPOA by US, just as one of those remedies of the US withdrawal and breaching of JCPOA. In this approach, it is emphasized that "**in addition to the investigation of the lift of sanctions legally**" Iran's interest must be obtained, at least to a certain minimum extent, as it comes in the following areas:

2-1. Characteristics Of The Desired Approach Toward The Authentic Verification Of Removal Of Sanctions.

In this approach, the realization of a minimum level of economic benefits is the precondition of the continuation of re-implementation of Iran's Measures; due to the JCPOA provisions. Assessing the benefiting of Iran's economy from the lifting of sanctions and periodic measurement of the following indicators requires a period of time at least 3 to 6 months for the first time and continuousness of this measurement of indicators regularly every three months. Some measurable indices to verify the lifting of the sanctions are:

2-1-1. Restoration Of Iran's Significant International Trade Interactions To The Conditions During Implementing Jcpoa Before Us Breaches And Withdraw Of Jcpoa; Without The Renewal Possibility [8]:

The rationale for introducing such an approach is that the US sanctions against Iran aimed and disrupted a substantial amount of Iran's international economic interactions and imposed on Iran's economy lots of damages illegally. Therefore, reviving the international business interactions, at least comparable with and equal to the former status (i.e., normalized trade and economic

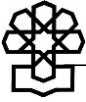
relations with Iran) would be a logical and deterministic order. In particular, the usual routine processes of Iran's business relations are mentioned as follows:

a. Exporting And Delivering A Specific Minimum Level Of Oil And Oil Products To:

- Chinese governmental firms
- Former and new Iranian oil and oil products clients in East Asia (South Korea, Japan, etc.)
- Former and new Iranian oil and oil products clients in Europe, amongst Italy, Spain, and Greece.

b. The free transfer and receipt of sums and deposits which proceed from oil Sales and exports; depositing of obtained funds in bank accounts agreed upon by the commercial parties, and carrying out complete and unconditional operations by the Central Bank of the Islamic Republic of Iran on the obtained funds. According to the instructions of the office of Foreign Assets Control of the US Department of Treasury implementing US sanctions against Iran on the issue of Iranian access to resources from oil exports, the following strict restrictions and sanctions is imposed:

- Requiring the financial institution based in the importer country to deposit financial resources in a particular account and under observation.
- Limiting Iran to utilize the financial resources from oil exports solely in the bilateral trade of goods and services.
- Preventing the fund-receiver financial institution from transferring the deposited resources to another financial institution.



- Preventing the fund-receiver financial institution from handing over the banknotes to Iranian institutions[9].

In the affirmative approach for obtaining tangible economic revenues, all of the above constraints should be eliminated in an executable way; so that:

1. The fund-host bank or financial institution of financial resources from oil exports and sales would be chosen without any restrictions and merely on the parties' agreement.

2. The deposited resources thereof can be transferred to other accounts in all other banks and institutions freely and without restrictions.

c. Unconditional Supplying Of Technical Requirements Of Iran's Economy And Iran Access Thereto (In The Field Of Aviation, Transportation, Domestic Production, etc.):

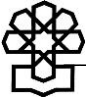
Currently, some parts of Iran's industries and manufacturing enterprises need their technological equipment to be provided from outside of the country. However, the imposition of sanctions on a wide range of industries and productive sectors of the Iranian economy[10] has prevented the provision of the necessary equipment and technologies. In an alternative approach and to achieve tangible economic benefits, in addition to the legal lifting of sanctions related to Iran's manufacturing sectors, it is necessary to provide requirements and technological equipment for public and private industries and companies in Iran; such as the following examples: Making a particular contract for the electric power train of Tehran-Mashhad with the target country and Developing specific petrochemical complexes with foreign companies[11].

d. The free and unconditional activity of Iranian commercial ports: The United States, in line with breaking Iran's foreign trade chain, has set a wide range of sanctions on Iran's maritime trade sector. Putting the name of Iranian ships and oil tankers in the sanction lists, banning the provision of navigation services (including maintenance, flag, class, ranking, etc.) for Iranian ships, prohibiting of mooring Iranian ships in foreign ports, banning the provision of financial services and insurance for Iranian ships, putting the name of Iran's major ports in the sanctions list, etc. are part of the embargo imposed on Iran's maritime section.

The emphasis of the desired approach is that alongside with removing all sanctions imposed on Iran's maritime trade chain, the free and unconditional operation of Iran's commercial ports should be guaranteed in practice. For example, the restrictions on Iran's ports (especially the ports of Shahid Rajaei and Imam Khomeini) should be removed so that foreign ships can anchor in these ports.

2-1-2. Realization Of A Minimum Threshold In Financial And Banking Relations

Regarding the economic exploitation of sanctions removal, one of the most essential and fully operational indicators is the realization of a minimum threshold of monthly transactions in particular banks, transactions in which one side is Iranian individual or legal entities. To elaborate, each trading transaction requires at least one bank transaction. So, the calculation and measurement of the bank transactions in a given period and comparison with pre-sanction conditions will illustrate how far



Iran's business dealings had grown. The following are two critical indices in this regard:

- a. The need to maintain the scale of monthly transactions for the German EIH bank account equivalent to the average of the first half of 2018; i.e., the transaction should be at least \$ 4.2 billion a month.**
- b. The necessity of maintaining a monthly transaction of the Paris Trade Bank amounted to \$ 1.5 billion.**

2-1-3. Fundamental Revising Of The Rules And Regulations Of Business Engagement With The Iran Economy

As explained in section (1-2-1), the risk index is the most essential component that directs economic actors and international traders' movement. The determination of risk index, which is inherently a subjective category, is derived from essential parameters; only one is the legal structure of sanctions. It seems that at present, the most critical factor determining the risk of interaction with Iran, is the **past, present, and future behaviors** of the leaders of the sanction-imposer country in political, security, and economic spheres. Two of the most critical factors affecting the adjustment of risk index, created by the US, in the interaction of countries with the Iran economy are:

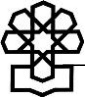
- a. Redefining The Customer Due Diligence Standard And Defining The New Rules Associated With It In The Us Financial Crimes Enforcement Network Practices:** Eliminating the risk-based procedure and altering it to a rule-based procedure should be considered. By such a change, the foreign real or legal entities in interaction with Iranian entities are not required to identify the

interaction chain throughout. In the rule-based procedure, it is set that the individual and legal entities who are willing to engage in trade with Iran have to recognize a Specific number of customer sequences. This limited identification also protects them from future penalties and prosecutions.

b. Revising All Sanctions' Lists In An All At Once, Fundamental And All-Inclusive Manner Of: Previously, it was explained that only **in an all at once Revise** of all sanction lists it could be expected that the risk indicator of the interaction with Iran's economy will reduce and consequently, the Iranian individual and legal entities can benefit of the lifting of sanctions. There are several specific sanctions lists here, including the following: the US Department of Treasury list, the US Department of State list, the EU sanctions list, and the United Nations sanction list.

2-2. Why the factual verification of sanctions lifting is a time-consuming process?

The previous section explained that the extent of benefit of Iran's economy from **lifting** the sanctions and the periodic evaluation of relevant indices requires **at least three to six months**. Now, the question is that on what criteria the suggestion of this timeframe is based? To understand the proposal of this time limit, a very prominent factor must be taken into account. The factor is the **difference between the essence of Iran's measures and those of other parties in JCPOA**. Whatever Iran accepted to do is a set of physical and technical requirements; hence, it is entirely tangible and observable. However, the obligations of the other parties are



risk reduction and making providing circumstances for Iran to obtain tangible economic outputs [12]. In section (1-2-1), it was explained that the high risk of interacting with Iran is the result of a series of measures and constraints of the United States against Iran; only one of them is the **legal infrastructure of sanctions**. Reducing the risk of engagement with Iran is time-consuming, and trade actors on the international level will decide to interact with Iran only if they receive a **chain of positive signals (including time sequence and the plurality of constructive actions)** on the subject of the US administration as a possibility of economic interaction with Iran. These positive signals, at least, should resemble the following measures:

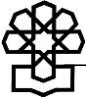
- The actual removal of the imposed sanctions, including acts and executive orders
 - **all at once, fundamental and all-inclusive Revising** of all sanctions' lists
 - Intrinsic change in the performance of the US Financial Crimes Enforcement Network and The Office of Foreign Assets Control of the US Treasury Department in Iran's file
 - Canceling the alerting reports and strict guidelines on the issue of engagement with Iran, such as a recommendation on maritime trade hazards with Iran[13] and instructions on how to export humanitarian goods to Iran
 - To stop rhetoric against Iran on official speeches, and in contrast, acknowledge the possibility of the resumption of trade relations with Iran

- To stop sending formal and informal threats (through the allied mediums) to the foreign individuals or legal entities who are willing to interact with the Iran economy.
- Etc.

The above items are only a tiny part of the risk reduction requirements associated with the Iran economy. This is the only path that Iran's economy can obtain tangible economic outputs from the lifting of sanctions. It is evident that the implementation of the above measures, at best, requires at least a few months. Therefore, proposing themes such as **in-hours** and **in-days** verification fundamentally contradicts the principle and necessity of "real verifications". For instance, exchanging some SWIFT[1] messages, opening several letters of credits[7] to deal with certain foreign banks, making free a portion of Iran's frozen financial resources in certain countries, etc., are all executable, even in a **formal** and **fabricated** manner. Such an execution does not imply the real benefit of Iran's economy after lifting the sanctions.

For example, in the case of financial and banking relations, as long as commercial banks –which are interacting with Iran– do not make sure that they will not be subjected to the punishment of the United States in the future, they certainly would not start interacting with Iranian private and legal entities. The above statement was also experienced even in the period of the JCPOA – in which US was not supposed to be able to exit JCPOA and re-impose sanctions.

For example, it is possible that the SWIFT's message could be transmitted between the Iranian and the foreign bank, letters of credit (LC) could be opened, and several brokerage relationships



could be established, and still, most of these financial channels only appear on paper, and the possibility of practical use was not provided. In other words, the high risk of interacting with Iran's economy has caused the individuals and legal entities, do to not utilize the financial and commercial channels.

Concluding Remarks

It made clear in the report that merely applying a legal approach towards lifting the sanctions, and its verification process is a strategic mistake. The privative approach does not provide Iran's economy with distinctive economic benefits. In contrast, it is highly recommended to put the actual verification process on the country's agenda based on measurable indicators. Applying this affirmative approach holds complete accommodation to the Islamic Republic of Iran's definite policy on the JCPOA and the "Strategic Action for Lifting Sanctions and Protecting the Interests of the Iranian nation" Act approved by the Parliament of the Islamic Republic of Iran). The reason for this emphasis on the affirmative approach is Iran's recent experience with the practices of United States after the JCPOA, the United States' lack of serious will in lifting sanctions, and the possibility of using various political, economic, and security tools to prevent Iran from benefiting from the lifting of sanctions. Thus, satisfying operational and measurable indicators in lifting sanctions and actual benefit to Iran's economy, besides requesting legal

elimination of sanctions, should be considered as conditions for the continuation of Iran's actions according to JCPOA.

An examination of the experience of the post-JCPOA period shows that even in that period when the possibility of re-imposing sanctions was considered and estimated very Unlikely and weak, the United States still used its political, media, and security tools to increase the level of uncertainty against the macroeconomic environment of Iran. This created severe obstacles to the Iranian economy benefiting from the lifting of sanctions.

The present situation, when, on the one hand, the experience of US withdrawal from JCPOA has been registered on Iran's economic partners, and on the other, over several years, a multifarious array of new sanctions (based on draconian laws and regulations and political motivations such as the so-called sanctions related to the terrorism issues) have been imposed illegally against Iranian entities and individuals, the same failed privative approach (one that does all it can to legally lift the sanctions on a case by case manner) should not be on the agenda.

The report emphasizes that dealing only with the legal elimination of sanctions without determining measurable indicators is a strategic mistake at the moment. The critical point is that regardless of how skillful the Iranian negotiators are in recognizing sanction-related laws and regulations, there will always be tools in the United States' hands to establish significant barriers in front of Iran's path toward economic benefits, even if they claim sanctions lift on paper.

Based on Article (7) of the Act on "Strategic Action for Lifting Sanctions and Protecting the Interests of the Iranian Nation," it is



clear that re-implementing the nuclear measures under JCPOA by Iran —after the lifting of sanctions and its practical benefit to Iran’s economy—requires the authorization and License of the Iranian Parliament. Our policy recommendation is that the Parliament of Iran must apply an operational approach on its agenda with respect to the issue of supervision on better implementation of articles 6 and 7 of this Act. Finally, the Parliament, in fulfilling its constitutional duty, must not allow the dominance of the mere legal approach in the negotiations. This process, which may be favored due to the preference of short-term and political benefits over long-term national interests, is harmful to Iran’s national interests.

[1] The Bureau of JCPOA implementation monitoring under Ministry of Foreign Affairs has prepared a detailed list of sanctions that its first appendix lists the sanctions and sanctions measures during the Trump presidency in chronological order, and the second appendix lists the names of individuals, entities, ships, and aircraft sanctioned during the aforementioned period. The compilation of this list (that has collected a good level of data) by the Ministry of Foreign Affairs can imply that the Ministry of Foreign Affairs experts and managers focus on legal approach to lift sanctions and benefit the economy from the lifting of sanctions.

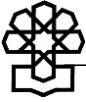
[2] The phenomenon of sanctions can be studied from various aspects; Including the study of the effect of sanctions on different sectors of the economy (oil, petrochemical, banking, automotive, shipping, etc.) and the effect of sanctions on the performance of companies and individuals under sanctions (such as the

performance of Khatam al-Anbia, Iran Revolutionary Guards Corps, Persian Gulf Petrochemical, National Development Fund, etc. after being added in the list of US sanctions). However, all aspects of the above views only show part of the sanctioned country's reality; In other words, the above analytical sections are dedicated to sectoral experts in various departments and cannot provide a comprehensive view of sanctions. It seems that the country's officials and managers need a broad picture of sanctions; in addition to sectoral parts, in this comprehensive picture, several issues should be discussed, including:

- What is the US strategic view on sanctions, and to what extent and for how long will this instrument be used against Iran?
- What is the US goal of imposing sanctions on Iran? The collapse of the system or the pressure to resolve a few partial disputes?
- What is the position of third countries concerning the US secondary sanctions against Iran?
- What is the relationship between sanctions and uncertainty in the Iranian economy?
- How and to what extent should the sanctions parameter be included in short, medium, and long-term planning?

[3] For further study, see: Research Center of the Islamic Consultative Assembly, "Managing the country's economy in the face of sanctions: 1. The need of planning the national economy assuming that sanctions remain in place "Deputy of Economic Research, 1/1/1400.

[4] <https://crsreports.congress.gov/R43311>



[5] This period is usually mentioned in American documents and instructions. When the United States imposes sanctions on a person or entity, it gives trading companies 180 days to sever ties with the sanctioned person.

[6] It is an index that is measured and presented by risk assessment companies about cooperation with Iran.

[7] Removal of Risk-based procedure and replacing it with Rule-based procedure means that foreign legal persons and entities are not required to identify the whole engagement chain in dealing with Iranian counterparts.

[8] That is, the United States should no longer be able to re-implement the lifted sanctions. The possibility of "re-imposing the sanctions" poses a high risk of engagement with the Iran economy.

[9] Based on questions number 254 to 265 from the OFAC's instructions at the following address: https://www.treasury.gov/resourcecenter/faqs/Sanctions/Pages/faq_iran.aspx#630

[10] In a general study, restrictions and bans imposed on Iran's industries and manufacturing sectors can be placed in the form of the following categories:

- Precious and non-precious metals
- Shipbuilding and shipping
- Oil's exports
- Energy (oil's production)
- Petrochemical
- Insurance
- Construction sector

- Mineral industry
- Textile industry
- Manufacturing production
- Sanctioning the individuals and legal entities connected to mentioned categories and putting their name in the US sanctions list intelligently.

[11] The list of export-import bank deals with Europe and China in the summer and autumn of 2016 can be based. According to quarterly reports by the Ministry of Foreign Affairs, all of these contracts are available on "Periodic reports on the implementation of JCPOA."

[12] In the second appendix of JCPOA, the expected benefits of Iran's economy by the lifting of sanctions have been noted in detail.

[13] The recommendation was issued on May 14, 2020, jointly by the Treasury Department, the State Department, and the United States Coast Guard. This recommendation refers to a set of methods and mechanisms to bypass maritime sanctions, and then the maritime trade campaigners have been asked to take measures to fit each tactic. Its provisions are formulated explicitly in the case of Iran, North Korea, and Syria.

[1] the Society for Worldwide Interbank Financial Telecommunication



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