

**Verification of Sanctions
Removal; Main Topics and
Executive Aspects**

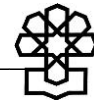
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In the name of God

Table of Contents

Abstract.....	1
Introduction.....	3
1. Theoretical foundations and the importance of verification.....	4
2. Verification authority.....	7
3. Verification checklist of removing sanctions and issuing the permission of reimplementation of Iran's commitments based on JCOPA (first stage of verification).....	8
3-1. Factors of "actual removing of sanctions".....	8
3-2. Factors of "reducing the risk of economic cooperation with Iran.".....	9
4. Verification checklist for the continuation of the benefits from removing sanctions and the issuance of periodic licenses to continue the implementation of Iran's actions under the JCPOA (periodic verification).....	10
4-1. The realization of thresholds in the field of oil exportation, financial and banking relationships.	10
4-2. Normalization of trade and international cooperation with sanctioned sectors of the Iranian economy	10
4-2-1. Dimensions of normalization of trade and international cooperation for different sectors of Iran's economy.....	10
4-2-2 Suggested mechanism to investigate the realization of normalization of cooperation for each economic sector	14
Summary and Conclusion.....	15
Endnotes.....	16



Verification of Sanctions Removal; Main Topics and Executive Aspects

Abstract

According to the provisions of Article (7) of the Law on "Strategic Action to remove Sanctions and Protect Iranian Nation's interests," as well as the definite policy of the Islamic Republic of Iran, the verification of the removal of sanctions and its subsequent benefits for Iran's economy should be the inevitable demand of the foreign policy apparatus in any negotiation process. In other words, the removal of Iran sanctions, regardless of the realization of the legal aspects of removing sanctions (removal of sanctions on paper), should provide tangible benefits for Iran's economy due to the removed sanctions. Regarding the thirteenth government coming to power, the following report as a comprehensive guideline can play an essential role in advancing verification if the new government seriously considers the issue of Verification.

Verification has two main factors: "monitoring guideline" and "monitoring organization." Verification is a continuous activity in which a monitoring organization evaluates the other participant's compliance to the agreement's provisions based on objective indicators and criteria related to the type of obligations. Therefore, three essential requirements must be considered in determining the verification process: first, developing a comprehensive, operational, and measurable guideline. Second, determining the unique features for the first stage of verification. Third, determining the quality and aspects of periodic verification. In this report, the three main topics are proposed to meet the mentioned three requirements, which will be presented as follows:

A) The verification authority can be a beyond the parliament-approved powers organization such as the Supreme National Security Council or the Iranian Supervisory Committee on Joint Comprehensive Plan of Action (JCPOA) or even a newly established body with a professional expertise structure and a permanent secretariat. This authority has the responsibility to compose periodic reports on the verification of the removal of sanctions to decide whether Iran should continue to comply with the agreement or take countermeasure in the form of reducing or suspending its commitments. This

authority has three crucial tasks: 1. Monitoring and analyzing the benefits of Iran's economy due to removed sanctions, 2. Receiving complaint letter from an Iranian citizen or institution (especially those individuals and entities that have been removed from the sanctions list) about the "Violation of JCPOA or the impossibility of deriving benefit from the removed sanctions"; 3. Develop a regulation for countermeasures. This includes but is not limited to implementing its provisions in proportion to the other participants' non-compliance by introducing a regulation that mandates suspending, stopping, or reducing nuclear activity limitations as countermeasures.

B) Providing a verification checklist of removing sanctions and permission to resume nuclear-related measures based on JCPOA for the first stage of verification: The provisions of the proposed checklist of verification of removing sanctions are presented in two parts:

- Factors of the actual removal of sanctions: it includes realizing the minimum thresholds for oil sales and transactions with German EIH and Bank Tejarat branch of Paris, revoking US President's executive orders, reviewing the related FAQ's of the OFAC website, avoiding issuing warning notices, and issuing specific and general Licences for foreign individuals and legal entities who want to cooperate with Iran's economy.

- factors of reducing the risk of economic cooperation with Iran: The criteria of this topic are the acceptance of legal commitment and the adoption of practical measures by the leaders of the other participant countries on the normalization of trade and economic relationships with Iran, that include:

- Revoking executive orders and other regulations, continuing the issuance of the certification of Iran compliance to JCPOA, eliminating instructions and advisories introducing the Iranian economy as a jurisdiction with a high risk of money laundering, and issuing orders or approving regulations that are necessary measures for normalizing trade relationships with Iran.

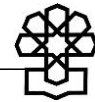
- Avoiding any negative comments or actions discouraging nations from cooperating with Iran and acknowledging the possibility of establishing medium and long-term cooperation with Iran's economy.

- Altering the approach of Financial Crimes Executive Network (FinCEN) of United States Department of the Treasury from Risk-Based to Rule-Based.

- Removing Iranian Individuals, entities, vessels, and aircraft from the sanctions lists and fundamentally revising the SDN and non-SDN lists.

- Eliminating warning instructions and advisories from OFAC and other US agencies on humanitarian goods trade and maritime trade with Iran.

C) Checklist of Continuity of benefits from removed sanctions and



issuance of periodic licenses to allow Iran to continue the implementation of JCPOA (Periodic Verification): on the issue of Continuity of Verification, it is recommended that the process of deriving benefit should be verified continuously and to publish the reports of this verification every three months. The threshold for the first part of continuous verification is 2.5 million barrels per day export of oil and condensate, monthly transactions of Iranian individuals and entities with the EIH Bank in Germany and the Paris branch of Tejarat bank worth at least \$ 4.2 and \$ 1.5 billion respectively. In addition, the normalization of trade and international cooperation with the sanctioned sectors of Iran's economy is considered the basis for continuing the verification. The proposed mechanism for examining the normalization of relationships with each economic sector can be described as follows: the verification authority receives quarterly feedback from prominent governmental and non-governmental actors in each sector based on the dimensions introduced. Then based on those feedbacks, the verification authority will recommend whether to comply with the commitments or to reduce, suspend or cease Iran's actions as countermeasures. In fact, the verification authority should report to the main decision-making organization about JCPOA (which is currently the Supreme National Security Council and the Iranian Supervisory Committee on JCPOA). According to paragraph 36 of the JCPOA, Iran has the right to reconsider compliance to its commitments based on the domestic approved arrangements in the case of a violation of the JCPOA by other participants. However, taking these countermeasures does not prevent Iran from sending verification reports to the Joint Commission of the JCPOA as an international organization to convince foreign participants.

Introduction

According to the provisions of Article (7) of the Law on "Strategic Action to remove Sanctions and Protecting Iranian Nation's interests" [1], stress the necessity to report and evaluate the measures of the other participants to remove sanctions, as well as the definite policy of the Islamic Republic of Iran[2], the verification of removing sanctions and realization of following economic benefits should be one of the central and inevitable demands of Iran's negotiating team in the Vienna negotiations; In other words, removing Iran sanctions regardless of the realization of the legal aspects of removing sanctions (removal sanctions on paper), should provide tangible benefits for Iran's economy. The verification should focus on realizing "economic benefit."

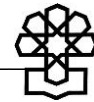
investigations show that there are still ambiguities about the conceptual definition and implementation of verification. Conceptually, verification is the process of gathering and evaluating data and information that enables one to judge whether participants remain compliant to their commitment based on agreement or not. The primary purpose of verification is to ensure that the participants comply with their obligations consistently based on the agreed document. It is possible to design a mechanism for resolving disputes to address claims of breach of the agreement in any deal. In this regard, the verification is an attempt to maintain the deal's stability and record any probable violation of the agreement commitments by each participant in a clear, objective, and documented manner. Based on the verification report, a member of the agreement who claims breach of the agreement commitments can decide whether continue to comply with the deal or not.

In the first part of this report, theoretical foundations and the importance of verification will be discussed. In the second part, the verification authority and the optimal performance model of this institution will be introduced. The third part will discuss the checklist for verifying the removal of sanctions and the permission to limit Iran's nuclear-related measures. Finally, in the fourth part, the issue of periodic verifications will be discussed.

1. Theoretical foundations and the importance of verification

Real verification has two main factors: "monitoring guideline" and "monitoring organization." In fact, verification is a continuous activity in which a monitoring organization evaluates participants' compliance to the agreement's provisions based on objective indicators and criteria assessing the quality of measures. Therefore, the nature of this guideline and the implementation style depends on the participant's actions in the agreement^[3]. Despite designing a reliable monitoring mechanism to control Iran's actions by other participants in JCPOA, such a mechanism was not designed for Iran to monitor the US and European compliance to their commitments. On the other hand, the lack of guarantee to make other participants' comply with their obligation and the lack of any means to punish the violator makes the violation of the agreement less costly for other participants. In contrast to the snap-back mechanism, which was a means of punishing Iran for violating the agreement!

Given this rationale and the experience of the United States violation of JCOPA and its subsequent withdrawal, it is necessary to design an accurate process for carrying out the verification. The verification will both ensure the



compliance of the agreement participants to remove sanctions and create a documented and convincing basis for Iran to take necessary countermeasures based on Paragraphs "26" and "36" [4] of JCPOA.

The differences between the actions of Iran and other participants, which has led to a contractual imbalance, are summarized in the following table:

Table. The Elements Of Contractual Imbalances In JCPOA

	Iran's commitments	other participants commitments
Verification authority and monitoring organization	International Atomic Energy Agency	none
Measurability & Verification mechanism	accurate technical and quantitative indicators	Qualitative & Non-technical indicators
Disruption tools	none	Increasing the risk of cooperation with Iran
Consistency of implementation with the visibility of the effect	Complete Consistency	Inconsistency (time gap & delay between removing sanctions and realization of economic benefits)
Punishment tool in the case of violation	mechanism known as snap-back	none

Paragraph 33 of the JCPOA[5] states that Iran and other participants countries should take necessary steps to ensure Iran's access to trade, technology, finance, and energy sectors. This promise can be cited as the legal basis for demanding the establishment of a contractual balance in JCPOA. In addition, sections "3" and "7" of appendix 2 of the JCPOA also indicate the effects of lifting sanctions by the European Union and the United States of America, respectively. However, due to the mentioned issues, these effects did not realize. The specified sanctions that should be removed are mentioned in appendix 2 of the JCPOA. Besides, the sanctions contrary to the JCOPA and the practical realization of the mentioned effects from removing sanctions have been considered the basis for determining the report's practical topics.

Given the nature of US and EU commitments to remove sanctions, three key factors must be considered in designing a rational process for carrying out the verification:

A) Developing a comprehensive, practical, and measurable guideline: The United States and European participants have three main commitments to remove sanctions under paragraphs 26 to 29 of JCPOA [6]: First, removing sectoral sanctions and the removal of Iranian individuals and institutions from the Treasury Department's sanctions lists. Second, avoiding to re-impose these sanctions under nuclear or non-nuclear titles and forms.

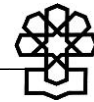
Third, avoiding interfering in the realization of JCPOA benefits to Iran (including any action against the text, spirit, and purpose of this agreement) and avoiding negatively influencing the normalization of Iran's trade and economic relationships with other countries. The verification guidelines for removing sanctions should be based on the three commitments made by the United States and European participants under JCPOA. This guideline must be capable of judging and verifying the removing of sanctions and continuity of Iran's benefit measurably and practically.

B) Temporal nature of carrying out the verification and features of the first stage of verification: Iran has accepted a set of technical and physical commitments under JCPOA that are pretty tangible and observable. However, the other participants are committed to reducing risks to facilitate the realization of economic benefits for Iran. The high risk of engagement with Iran results from a series of US measures and restrictions against Iran. The legal infrastructure of sanctions is only one of the examples of these measures. Reducing the risk of engaging with Iran is a time-consuming task. International business actors will only decide to cooperate with Iran when they receive a series of positive signals (including time-frequency and abundance of constructive actions) from the US administration on the possibility of economic cooperation with Iran. The above statement indicates that verification is an inherently time-consuming process.

C) Continuity of verifying periodically and sequentially: Verification is a process and not a one-step action. As the IAEA reports quarterly about Iran's nuclear program, an Iranian monitoring organization must periodically report removing sanctions. Therefore, not only carrying out a practical and comprehensive verification does not deprive Iran of the right to object to probable agreement violations by the US (during the reimplementation of the JCPOA), but it enables Iran to regulate constant and measurable monitoring and evaluation of removing sanctions and identify violations of text and the spirit of the JCPOA by the United States. Moreover, this process allows Iran to make a documented and valid complaint to the Joint Commission of the JCPOA.

Based on the above explanations, at least three essential topics should be considered in the issue of verification that can be mentioned as follows:

1. Verification authority
2. Verification checklist of removing sanctions and issuing the permission of reimplementation of Iran's commitments based on JCOPA (first stage of verification)
3. Verification checklist of continuity of benefits from removed sanctions and issuance of periodic licenses to continue the implementation of Iran's actions based on JCPOA (periodic verification)



2. Verification authority

As verification is a specialized task, it is suggested that a beyond the parliament-approved powers organization such as the Supreme National Security Council or the Iranian Supervisory Committee on Joint Comprehensive Plan of Action (JCPOA)[\[7\]](#) or a newly established body with professional expertise structure and a permanent secretariat becomes in charge of this issue to prepare detailed reports on removing sanctions. These reports should be compiled periodically (once every three months) during the implementation period of JCPOA and submitted to decision-making organizations. In addition, the verifying organization should prepare a special report in case of any violation of the text and spirit of JCPOA. These documented reports must be published publicly and submitted to the Joint Commission of the JCPOA. Iran's verification reports will be the basis for Iran to continue to comply with the agreement or take countermeasures to reduce the level of commitments or stop the implementation of obligations completely. two essential tasks of this authority are:

A) Monitoring and evaluating the level of realized benefit for Iran's economy from removing sanctions: the topics of verification of removing sanctions at specific time intervals are proposed in the second and third parts of this report. In addition to the following case, it is suggested that the Verification Authority provide a platform to receive complaints from any Iranian individual or entity (especially those individuals and entities that have been removed from the sanctions lists) about "violation of the JCPOA or impossibility of deriving benefit from removed sanctions."

B) development of regulation on countermeasures and implementing its provisions in proportion to the non-compliance of the other participants: it is recommended that the verification authority design a rule on suspension of nuclear duties. Moreover, they should clearly explain that Iran will reduce its commitment fulfillment as a countermeasure in proportion to the level of inability to benefit from removed sanctions. Some of the following countermeasures (as examples) can be considered in designing this regulation: cessation of voluntary implementation of the additional protocol, production of metal uranium, enrichment of 20% and above, development of IR6 centrifuges, and more advanced centrifuges, etc.

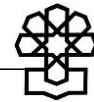
3. Verification checklist of removing sanctions and issuing the permission of reimplementing of Iran's commitments based on JCOPA (first stage of verification)

According to the provisions of the Law on "Strategic Action to remove Sanctions and Protect Iranian Nation's interests," Iran will start to comply with its nuclear commitments only if other participants in JCPOA (especially the United States) meet their obligations and after Iran certifies the real deriving of benefit from the removal of sanctions. The verification of deriving economic benefit (actual removing of sanctions) for Iran requires a period of (at least) three months. The provisions of removing the Sanctions Verification Checklist are suggested in the following two chapters.

3-1. Factors of "actual removing of sanctions"

Factors of "actual removing of sanctions" includes the following actions:

- export at least 2 million barrels of oil and gas condensate [8] per day usually and without any restriction and with free access to revenues,
- conduct transactions of at least \$ 3 billion per month by Iranian Individuals and entities in the German EIH Bank,
- conduct transactions of at least \$ 1 billion per month by Iranian Individuals and entities in the Paris branch of Tejarat bank [9],
- Revoke presidential Executive Orders and Reviewing Related frequently asked Questions on US Treasury Department Website, revoke Warning Notices and advisories of FinCEN [10], Revoke of Warning Instructions,
- Issue-specific licenses for all former Iran oil importers to import oil from Iran at least up to the highest volume of their imports during the last 15 years,
- Issue-specific licenses for all banks that hold the deposits arising from Iranian oil exports to release those deposits,
- Issue-specific licenses for all foreign Individuals and entities who start to have any economic cooperation with Iran in any way after the implementation of JCPOA and any Individuals and entities who want to start economic cooperation with Iran. These specific licenses should be issued for the following sectors: supply chain of goods and services (supply chain of goods and subsidiary services [11]), shipping and shipbuilding, petrochemicals, automotive, energy (production of oil, gas, and oil products and investment in related fields), mining, firm manufacturing, textile, construction sector, all services related to maritime trade (class, flag, rating, insurance and reinsurance, port services, etc.) and other sectors. These



licenses must at least include the following topics:

- The United States should be committed to avoid imposing sanctions, incurring punishment, and pursuing legal actions against individuals who received a license in case of economic cooperation with Iran.
- The probable future restrictions and sanctions should not be imposed on persons who received a license and have an economic relationship with Iran; in addition, the continuation of these relationships should be ensured under any circumstances,
- The United States should be committed to avoid imposing sanctions, fines and pursuing legal actions and criminal charges under nuclear or any other (non-nuclear) titles against individuals who received license ;
- The licenses should be valid at least until the termination day of the JCPOA.

3-2. Factors of "reducing the risk of economic cooperation with Iran."

The sudden withdrawal of the United States from the JCPOA and the reimposition of all sanctions have distorted the notion of "difficulty of imposing sanctions" in the minds of international economic actors. This noncommitment has increased the risk of economic cooperation with Iran significantly. Accordingly, in addition to the demand for legal removal of sanctions, the Iranian government should introduce the following elements as Iran's unavoidable demands from the US government to reduce the risk of economic cooperation with Iran:

- The United States should sign a letter of commitment to continue suspending legal articles and provisions, revoke executive orders, advisories, and instructions that have identified Iran as a jurisdiction with a high-risk of money laundering.
- Change in treasury Financial Crimes Executive Network (FinCEN) approach from risk-based to rule-based [\[12\]](#).
- Removing Iranian Individuals, entities, vessels, and aircraft from the sanctions list and a fundamental review of the SDN and non-SDN lists.
- Eliminate warning instructions and advisories from OFAC and other US governmental websites, such as advisories on how to conduct humanitarian goods trade and maritime trade with Iran, besides commitment by the US to avoid publishing such instructions and advisories.
- other participants of JCPOA should sign a letter of commitment to avoid making any comments or showing any behavior, or making threats or aggressive measures against foreign individuals willing to have economic cooperation with Iran.

- other participants of the JCPOA should release an official and public statement to encourage foreign Individuals and entities to establish possible medium and long-term economic cooperation with Iran.

4. Verification checklist for the continuation of the benefits from removing sanctions and the issuance of periodic licenses to continue the implementation of Iran's actions under the JCPOA (periodic verification)

It is suggested that the verification authority introduced in the first topic of the report verify the process of deriving benefit from removing sanctions continuously and release the statements on this issue every three months. Besides, Iran's commitment to limit nuclear-related measures is subject to the fulfillment of the following conditions:

4-1. The realization of thresholds in the field of oil exportation, financial and banking relationships.

- Exporting at least 2.5 million barrels of oil and gas condensate per day usually and without any restriction and with free access to consequent deposits,
- Conducting transactions of at least \$ 4.2 billion per month by Iranian Individuals and entities in the German EIH Bank,
- Conducting transactions of at least \$ 1.5 billion per month by Iranian Individuals and entities in the Bank Tejarat branch of Paris [\[13\]](#).

4-2. Normalization of trade and international cooperation with sanctioned sectors of the Iranian economy

in this part, the dimensions of the normalization of trade and international cooperation with different sectors of Iran's economy will be explained. In the next section, a mechanism will be proposed to evaluate the normalization level of cooperation with sanctioned sectors.

4-2-1. Dimensions of normalization of trade and international cooperation for different sectors of Iran's economy

dimensions of normalization of trade and international **cooperation** with various sectors of Iran's economy can be shown as follows:

A) Financial and banking sector

Central Bank of the Islamic Republic of Iran, other Iranian banks, Iranian financial institutions, and all companies, banks, and their subsidiaries inside and outside the country should have the following permissions, and this



should be verified.

1. free access to deposits arising from export revenues; specifically, there should be no restrictions on operations on export-related deposits, especially international transactions

2. Capability to open a multi-currency account in non-US banks and financial institutions without time, number, and transaction amount limit with confidentiality at the level of banking standards;

3. access to all banking services, including opening account, letter of credit, currency and securities trading, swaps, options, and futures, etc., access to bank guarantees and insurance;

4. access to financial messaging services without time, number, and transaction amount limit;

5. access to credit ,loans , borrowings, and development financing;

6. access to non-US micropayment infrastructure without time, number, or amount of transaction limit;

7. Capability to use Rials in foreign trade relationships;

8. Capability to establish correspondent relationships with non-US banks without time limit, and number of accounts and transaction amount ceiling;

9. Capability to Establish branches of Iranian banks as well as subsidiaries and affiliated institutions of Iranian banks and financial institutions in other countries;

10. Capability to establish branches by banks and non-Iranian Individuals and entities in Iran (mainland and free zones) to carry out multi-valued banking operations with the ability to open accounts for non-US persons without time, number, and amount limit;

11. Carrying out KYC[14] and CDD[15] procedures based on the banking standards (and not excessive practices) regarding transactions that Iranian banks and citizens make;

12. Capability to open a multi-currency account in European state-owned banks (especially the European Investment Bank) and carrying out clearing and interbank settlement operations by these banks for transactions with Iranian parties;

13. Storing SWIFT information of Iranian banks, institutions, and individuals in the European part of the SWIFT system (not the Transatlantic part of Swift system) and avoiding sending this information to third parties (including the US Treasury Department under the TFTP program);

14. Central Bank access to grants, financial services, and loans granted by the International Monetary Fund and the World Bank;

15. Capability to sell guaranteed bonds, Debt securities, Iran Government bonds.

B) Transportation and shipping sector[\[16\]](#)

All Iranian ships, oil tankers, means of transport, and any means of transport rented by Iran and ships that leave or arrive in Iran should have the following permissions. The verification authority should verify these.

1. Capability to supply, trade, and transport goods, equipment, and technologies necessary for construction, repair, maintenance, and reconstruction of ships, oil tankers, port development, and ports equipment.

2. Capability to participate in shipbuilding, oil tankers, etc., projects in or outside the country.

3. Capability to buy, sell, rent, and own ships, oil tankers, etc.

4. Access to flag services and status determination and being able to obtain a valid class from classification societies for ships,

5. Providing port services for Iranian ships and allowing them to moor in foreign ports,

6. Providing fuel, services, and equipment for Iranian ships,

7. Avoiding carrying out inspections, seizures, legal actions, terrorist attacks, etc. against Iranian ships,

8. Absorbing investors for financing the development of Iranian ports,

9. Avoiding generally or specifically reporting the risks of cooperation with Iran to Iran's actual or potential business partner,

10. Capability to provide services to foreign customers in Iranian ports,

11. Receiving maritime insurance for both cargo and ships,

12. Receiving financial Funds and having access to needed financial services,

13. Freedom of travel and ship navigation for sanctioned captains,

14. Providing satellite service and permitting to purchase radio and navigation equipment,

15. Access to reliable repair yards for repairing vessels;

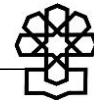
16. Access to educational services related to the shipping industry and related services;

17. Access to international technical approvals and standards.

C) Oil, gas, petrochemical, and energy sectors

1. Signing contracts and absorbing foreign finance for the development of industries, oil fields, and power plants (absorbing foreign investors and joint ventures),

2. Trading and supplying goods, raw materials, catalysts, technological equipment, and technical knowledge necessary for the construction, reconstruction, repairment, and maintenance of mining, storage, drilling, exploration, refining, production of gasoline and oil products and required



items in refineries, petrochemicals, and Power plants and providing support services,

3. Access to banking services,
4. Access to financial funds arising from export without restrictions,
5. Access to services related to the transportation and transfer of oil, petroleum products, and petrochemical products;
6. Signing long or short-term swaps or different types of contracts for selling oil products, petrochemical products, natural gas, etc.
7. Access to insurance services for cargo and oil tankers,
8. Constructing pipeline and related services and building electricity grid,
9. Possibility to carrying out international marketing without any restrictions and external pressure,
10. Avoiding generally or specifically reporting the risks of cooperation to Iran's actual or potential business partner,

D) Aviation section

1. Capability to purchase any type of aircraft, including commercial, passenger, cargo aircraft, and helicopter, directly and indirectly,
2. Capability to purchase aircraft parts, etc.
3. Capability to provide, purchase, sell and transfer goods, equipment, and technologies necessary for the construction, repairment, maintenance, and reconstruction of aircraft, airport equipment, aviation, etc.,
4. Absorbing investors to finance the development of airports,
5. access to aviation services, maintenance, engineering services, training and support services, safety and fuel inspections for airplanes;
6. Capability to use foreign airports and related services,
7. Permitting foreign planes to use Iranian airports,
8. Permitting foreign planes to pass through the Iran corridors,
9. Access to the pilot, aviation, maintenance, and training services
10. Access to financial and banking services,
11. Capability to provide services to foreign partners and customers,
12. Access to aviation insurance.

E) Industry, metals and mining sectors

Industrial production refers to all active industrial sectors and in the field of manufacturing final and capital goods, providing technical engineering services, etc., in all industries, including steel and metals, automotive, textile, food and pharmaceutical products, etc. The mining sector, investment companies in production and development, and export and import companies should also access the following benefits.

1. Opening lines of credit for production projects in Iran,

2. Opening lines of credit to enable Iranian individuals and entities abroad to invest in these sectors,
3. Capability to buy, sell, transfer, and provide raw materials, equipment, and technologies related to production,
4. Access to banking and financial services,
5. Access to transportation services,
6. Access to insurance and warranty services,
7. Absorbing foreign investors,
8. Capability to do International Marketing,
9. Access to international technical approvals (certifications) and standards;
10. Capability to buy, sell, transfer, and provide equipment and technologies necessary for construction, reconstruction, repairment, and maintenance of mining, storage, drilling, and mineral exploration infrastructures as well as construction and reconstruction of industrial factories,
11. Avoiding generally or specifically reporting the risks of cooperation to Iran's actual or potential business partners,

4-2-2 Suggested mechanism to investigate the realization of normalization of cooperation for each economic sector

The verification authority (explained in the first part of the report) is responsible for continuously receiving the perception of the prominent governmental and non-governmental actors in each field regarding the mentioned cases and issuance reports at quarterly intervals. The main actors in each field refer to the following issues:

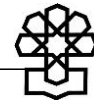
A) Financial and banking sector: the Governor of the Central Bank and the CEOs of state and private banks,

B) Transportation and Shipping Sector: Minister of Roads and Urban Development, CEO of the Shipping Group of the Islamic Republic of Iran, National Oil Tanker Company, Director of the Private Shipping Association, large private companies active in the field of transportation such as Tidewater,

C) Oil, Natural Gas, Petrochemical and Energy Sector: Minister of Oil, CEOs of major companies active in oil and natural gas, CEOs of large petrochemical complexes, CEOs of large refineries, etc.

D) Aviation sector: Minister of Roads and Urban Development, CEOs of domestic airlines,

E) Industry and Metals and Mining sector: Minister of industry mining



and trade, CEOs of 10 companies active in the field of metals and mining industries listed in the stock market, CEOs of 10 stock market companies engaged in the field of food industry listed in the stock market, CEOs of 10 companies active in the field of pharmaceutical industries listed in the stock market, CEOs of Automotive companies, CEOs of major textile companies,

The designated individuals and institutions have to list the issues and cases that have been affected or impacted by the sanctions continuously and regularly and submit them to the verification authority, based on the instructions developed by the verification authority.

Summary and Conclusion

The lack of verification authority and criteria in the JCPOA prevents Iran from taking effective measures against the violation of obligations by other participants. However, currently, according to the provisions of Article (7) of the Law "Strategic Action to remove Sanctions and Protect Iranian Nation's interests" and the definite policy of the Islamic Republic of Iran, the verification of the removal sanctions and deriving tangible benefits as a result of removing sanctions, should be one of the immediate and inevitable demands of the foreign policy apparatus in any negotiation.

Accurate verification is a temporal, continuous, and periodic procedure and requires developing a comprehensive, operational, and measurable guideline. In addition, verification reports should be released regularly. The present report has been designed to suggest the measures and functional criteria needed to achieve this critical goal. Indeed, carrying out verification requires an organization responsible for monitoring and evaluating the realization of benefits to the Iranian economy from the removed sanctions. This organization should also introduce regulations on countermeasures to reduce, suspend or stop nuclear commitments in proportion to the violation of commitment fulfillment by other participants.

In the first stage of the verification of removing sanctions, the realization of two conditions must be evaluated before issuing permission to resume the implementation of nuclear commitments. The first condition is the actual removal of sanctions, and the second one is reducing the risk of economic cooperation with Iran. The requirements for satisfying those two conditions by JCPOA participants are clearly explained in this report. Another critical point is that the verification should be carried out continuously. In addition, the verification reports should be released periodically. Accordingly, it was

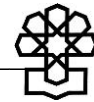
suggested to publish a report on deriving benefits from the removal of sanctions once every three months. This process is the implication of continuous verification. The constant validation should be carried out by demanding the realization of the minimum thresholds for oil sales and foreign banking transactions and the normalization of trade and international cooperation with sanctioned sectors of the Iranian economy. In general, for realizing the fundamental factors of verification, each sector must have unrestricted access to all of its specific needs, including the following: conventional facilities for operation, logistics and support, investment, transportation services, banking services, and all supply chain services. In addition, Iran's foreign business partners who have economic cooperation with Iran should not receive any sanction threat.

The verification authority should Receive the perception of the prominent governmental and non-governmental actors in each field regarding the topics introduced in the third part of this report based on the proposed mechanism for examining the examples of normalization of relationships with each economic sector. Besides verification, authorities should publish reports on their feedback periodically and once every three months. Finally, based on those reports, they should suggest the appropriate action to continue complying with the commitments or reducing, suspending, or stopping nuclear commitments as countermeasures.

Endnotes

[1] Article (7) of Law on "Strategic Action to remove Sanctions and Protect Iranian Nation's interests" states that If the contracting States, including the P4 + 1 countries (Germany, France, the United Kingdom, China, and Russia), fulfill their obligations and complete the full removing of sanctions, including removing nuclear, military, human rights and some other sanctions against the Islamic Republic of Iran, the government is obliged to submit a detailed report to the parliament. Based on paragraph (7) of Article (45) of the Rules of Procedure of the parliament, the National Security and Foreign Policy and Energy Commissions of parliament submit their evaluation of this report to the Islamic Consultative Assembly to be decided in the parliament.

[2] The Supreme Leader stated Iran's definite policy on 11/19/1399 as follows: "We have the right to make a condition for maintaining the compliance to JCPOA commitments, and we have already made this condition and said that no one should ignore it. The condition is that if they want Iran to return to its obligations under the JCPOA, which are not fully fulfilled currently, the US must remove the sanctions completely. The US has to remove the sanctions in practice, not verbally or on



paper, and we have to verify it and make sure that the sanctions have been removed properly, then we will return to JCPOA obligations. "This is the definite policy of the Islamic Republic, and the country's officials agree upon it, and we will not return from this policy."

[3] One of the weaknesses of JCPOA was that the verification of the fulfilling commitment was only focused on one of the members of the agreement, which is Iran. At the same time, verification is an activity that should involve monitoring the continuous implementation of the commitment of all members of an agreement; As the organization monitoring Iran's actions, the International Atomic Energy Agency (IAEA) monitors the fulfillment of Iran's commitments periodically and quarterly, based on the guidelines indicated in the first appendix of the JCPOA. The IAEA verification reports were one of the leading indicators of the uninterrupted US-European commitment to removing sanctions. In other words, the removal of sanctions is conditional on the IAEA's verification. Suppose the monitoring organization submits a report on Iran's breach of obligations; In that case, based on the report, the United States and Europe can take countermeasures and reduce or suspend their commitments entirely.

[4] paragraph 36 of the JCPOA: If Iran believed that any or all of the E3/EU+3 were not meeting their commitments under this JCPOA, Iran could refer the issue to the Joint Commission for resolution; similarly, if any of the E3/EU+3 believed that Iran was not meeting its commitments under this JCPOA, any of the E3/EU+3 could do the same. The Joint Commission would have 15 days to resolve the issue unless the time period was extended by consensus. After Joint Commission consideration, any participant could refer the issue to Ministers of Foreign Affairs if it believed the compliance issue had not been resolved. Ministers would have 15 days to resolve the issue unless the time period was extended by consensus. After Joint Commission consideration – in parallel with (or in lieu of) review at the Ministerial level - either the complaining participant or the participant whose performance is in question could request that the issue be considered by an Advisory Board, which would consist of three members (one each appointed by the participants in the dispute and a third independent member). The Advisory Board should provide a non-binding opinion on the compliance issue within 15 days. If, after this 30-day process, the issue is not resolved, the Joint Commission would consider the opinion of the Advisory Board for no more than five days in order to resolve the issue. If the issue still has not been resolved to the satisfaction of the complaining participant, and if the complaining participant deems the issue to constitute significant non-performance, then that participant could treat the unresolved issue as grounds to cease performing its commitments under this JCPOA in whole or in part and/or notify the UN Security Council that it believes the issue constitutes significant non-performance.

[5] Based on paragraph 33 of JCPOA, the E3/EU+3 countries and Iran shall agree on taking steps necessary to ensure Iran's access to trade, technology, finance, and energy

fields. The EU will further explore possible areas for cooperation between the EU, Member States, and Iran. Within this framework, they will assess the use of available tools such as export credit to facilitate trade, project financing, and investment in Iran.

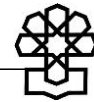
[6] Paragraph 26: The EU will refrain from re-introducing or re-imposing the sanctions that it has terminated implementing under this JCPOA, without prejudice to the dispute resolution process provided for under this JCPOA. There will be no new nuclear-related UN Security Council sanctions and no new EU nuclear-related sanctions or restrictive measures. The United States will make best efforts in good faith to sustain this JCPOA and to prevent interference with the realization 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 re-introducing or re-imposing 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 re-introduction or re-imposition 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.

Paragraph 27: The E3/EU+3 will take adequate administrative and regulatory measures to ensure clarity and effectiveness with respect to the lifting of sanctions under this JCPOA. The EU and its Member States as well as the United States will issue relevant guidelines and make publicly accessible statements on the details of sanctions or restrictive measures which have been lifted under this JCPOA. The EU and its Member States and the United States commit to consult with Iran regarding the content of such guidelines and statements, on a regular basis and whenever appropriate.

Paragraph 28: The E3/EU+3 and Iran commit to implement this JCPOA in good faith and in a constructive atmosphere, based on mutual respect, and to refrain from any action inconsistent with the letter, spirit and intent of this JCPOA that would undermine its successful implementation. Senior Government officials of the E3/EU+3 and Iran will make every effort to support the successful implementation of this JCPOA including in their public statements. The E3/EU+3 will take all measures required to lift sanctions and will refrain from imposing exceptional or discriminatory regulatory and procedural requirements in lieu of the sanctions and restrictive measures covered by the JCPOA.

Paragraph 29: The EU and its Member States and the United States, consistent with their respective laws, will refrain from any policy specifically intended to directly and adversely affect the normalization of trade and economic relations with Iran inconsistent with their commitments not to undermine the successful implementation of this JCPOA.

[7] This committee was established at the time of the implementation of the JCPOA, based on the ninth condition of the nine states that the Supreme Leader



sets for the implementation of this agreement. The mentioned condition can be indicated as follows:

ninth: given the complexities and ambiguities in the text of the JCPOA, as well as the possibility of breach and violations of the agreement and deception of the other participants, especially the United States, it is necessary to establish a strong, informed, and intelligent board to monitor the progress of actions, fulfillment of the other side's commitments and the realization of the issues that are emphasized before. The members and duties of this committee shall be determined and approved by the Supreme National Security Council.

[8] The purpose of providing thresholds for oil and gas condensate exports is to ensure economic benefits from removing oil sanctions practically. Regarding the oil and condensate exports before the withdrawal of the United States from the JCPOA is a condition for the realization of economic benefits in this field. Iran exported about 2.5 million barrels of oil and gas condensate per day during the period of implementation of the JCPOA and before the withdrawal of the United States from the agreement. Therefore, in the periodic verification discussed in the fourth part of the report, the daily export of 2.5 million barrels of oil and gas condensate can be considered the basis for realizing economic benefits from removing oil sanctions. The reason for mentioning 2 million barrels of daily exports as a satisfactory level of export, which is lesser than 2.5 million barrels per day, is that the factors of the actual removing of sanctions in the first stage of the verification, root-like the benefits of this removing sanctions from this field. In practice, the rise in oil export requires some preparations and preliminary in contract making, extraction, logistics, and transportation. Regardless of the time-consuming nature of these steps, even under normal circumstances, all of these steps are somehow impacted by other sanctions. In other words, the realization of benefit from removing oil sanctions naturally involves the removal of additional sanctions in different sectors, including shipping and transportation. This situation may lead to deriving a comprehensive benefit from removing oil sanctions taking more time than other sanctions. Therefore, the thresholds for oil and gas condensate exports for the first stage of the verification is 80% of the required thresholds for the periodic and continuous validation to assess the fulfillment of the commitments of other participants.

[9] The rationale for presenting numbers and figures in international banking transactions is to ensure economic benefits. In this regard, it is more convenient that the Central Bank of the Islamic Republic of Iran determine the threshold and verify the removal of sanctions concerning working with foreign banks.

[10] Financial Crimes Enforcement Network: The Financial Crimes Enforcement Network, which is a subsidiary of the US Treasury Department, is, in fact, the Financial Intelligence Unit (FIU) in the United States. This institution has defined its primary mission to combat financial crimes and money laundering and played an essential role in determining the level of risk of economic interaction with Iran. This institution has also played a destructive role regarding the

economic cooperation with Iran; some of the measures of this institution can be mentioned as follows: The issuance of warning reports on the whole financial system of Iran, the preparation of cross-sectional reports on the risks of economic cooperation with Iran for foreign individuals and legal entities, and finally, the provision of strict instructions on identifying the final beneficiary.

The specific measures of this institution have been providing advisories, Red Flags, Notices, Fact Sheets, and instructions such as Administrative Rulings, Guidance, and federal Register Notices. The issuance of this kind of instruction is not limited to the Financial Crimes Enforcement Network, and other US agencies can issue similar instructions according to their mission.

[11] Subsidiary services refer to technical assistance, education, insurance, reinsurance, intermediation, transportation or financial services, and other services usually done to carry out economic activities.

[12] This means that foreign Individuals and entities are not required to identify the whole trade chain when cooperating with Iranian individuals. Based on the Rule-Based Procedure, foreign Individuals and entities willing to have economic cooperation with Iran are required to at most identify a certain number of their customers. Besides this, limited identification also protects customers from possible future prosecutions and penalties.

[13] The rationale for presenting numbers and figures in international banking transactions is to ensure economic benefits. In this regard, it is more convenient that the Central Bank of the Islamic Republic of Iran determine the threshold and verify the removal of sanctions concerning working with foreign banks.

[14] Know Your Client are measures aimed to identify the customer or cooperation participant identification.

[15] Customer Due Diligence is a measure aimed at identifying the client, their track record, and evaluating their risk of involvement in criminal activities based on official documents.

[16] The report on "Verification indicators of removing sanctions in the field of energy, industry and aviation technology" prepared by the Research Center of the Islamic Consultative Assembly with 17471 serial number, is used in developing this and future parts of the report.



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