

Final Nuclear Deal Reached Between Iran and the International Community

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On July 14, 2015, the P5+1 (China, France, Russia, the United Kingdom and the United States (US), plus Germany), the European Union (EU), and Iran announced the “Joint Comprehensive Plan of Action” (JCPOA) regarding the Islamic Republic of Iran’s nuclear program. This is the final text agreed upon between the parties through which Iran agrees to curtail its nuclear program significantly to ensure peaceful civilian use and reaffirms that it will not seek, develop or acquire any nuclear weapons.

In return, and upon verification that Iran is abiding by the terms of the deal, the United Nations (UN), the EU and the US have agreed to provide Iran with relief from certain nuclear-related sanctions. This relief will be provided through a step-by-step approach based on the fundamental premise that no sanctions will be lifted until the International Atomic Energy Agency (IAEA) verifies that Iran has implemented certain agreed-upon nuclear-related measures. Consequently, expected sanctions relief under the JCPOA will not be provided immediately or by a date certain. As a next step, the UN Security Council must first adopt a resolution endorsing the JCPOA (with a proposal expected to be submitted by the JCPOA participants “within the next few days”).¹

The US Treasury Department’s Office of Foreign Assets Control (OFAC) has confirmed in a statement issued on July 14, 2015 that US sanctions relief will be provided through the suspension and eventual termination of nuclear-related secondary sanctions, which will begin once the IAEA verifies that Iran has implemented key nuclear-related measures described in the JCPOA (“Implementation Day”). US non-nuclear related sanctions (e.g., based on terrorism, human rights, and ballistic missiles) will remain in place. OFAC has stated that the US government will publish detailed guidance related to the JCPOA prior to Implementation Day. Click [here](#) for OFAC’s statement. Congressional review of the deal pursuant to the Iran Nuclear Agreement Review Act of 2015 also will affect the ultimate outcome.

It is important to note that all current sanctions remain in place (save the continued limited suspension of sanctions explained below) and need to be fully complied with until they are formally suspended or lifted.

Continued Limited Suspension of Certain US and EU sanctions

On November 24, 2013, the P5+1 and Iran reached an initial understanding, which was outlined in the Joint Plan of Action (JPOA). Under the JPOA, in return for Iran’s commitment to place meaningful limits on its nuclear program, the P5+1 committed to provide Iran with limited and temporary sanctions relief.

On January 20, 2014, OFAC announced that limited sanctions relief would be granted to Iran pursuant to the US Government’s commitment under the JPOA. The limited sanctions relief is largely applicable to non-US

¹ See Joint statement by EU High Representative Federica Mogherini and Iranian Foreign Minister Javad Zarif Vienna, 14 July 2015, available at http://eeas.europa.eu/statements-eeas/2015/150714_01_en.htm.

persons and covers activities such as purchases of petrochemical products from Iran, sales to Iran's auto industry, sales and purchases of gold and other precious metals, purchases of petroleum products from Iran, the provision of parts and services for civil aviation, and the facilitation of humanitarian transactions. Click [here](#) for our alert describing the limited US sanctions relief. The sanctions relief has been extended several times to enable the parties to continue negotiations to reach a comprehensive solution. Click [here](#) for our alert describing the most recent extension. On July 14, 2015, OFAC confirmed that the temporary sanctions relief provided to Iran in the JPOA would be further extended through Implementation Day. OFAC expects to issue revised guidance regarding the continued JPOA relief. In addition, effective July 14, 2015, OFAC announced that all specific licenses that: (1) were issued pursuant to OFAC's Second Amended Statement of Licensing Policy on Activities Related to the Safety of Iran's Civil Aviation Industry, and (2) have an expiration date on or before July 14, 2015, are hereby authorized to remain in effect according to their terms until Implementation Day.

On January 20, 2014, the EU decided to suspend some of its sanctions measures relating to (re)insurance and transport services for Iranian crude oil, supply of petrochemical products, trade in gold and precious metals, and certain financial transactions. On July 14, 2015, the EU announced that this partial suspension will remain in effect for the coming six months (*i.e.*, until January 14, 2016) to allow the EU to make the necessary arrangements and preparations for the implementation of the JCPOA.² Our client alert explaining this suspension of EU sanctions against Iran can be found [here](#).

While the agreed final text of the JCPOA marks a turning point in the international community's relationship with Iran, the UN, EU and US sanctions remain in place at this time and will only be suspended or lifted gradually, and only once Iran's implementation of nuclear-related commitments is verified. Companies looking to do business in Iran should monitor these and future developments closely, and exercise caution to ensure compliance with all applicable sanctions.

We are currently preparing an in-depth analysis of the JCPOA, which shall be released shortly. The final text of the JCPOA is available [here](#).

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² See EU Council Statement "Iran: Suspension of EU sanctions extended for six months", available at <http://www.consilium.europa.eu/en/press/press-releases/2015/07/14-eu-iran-sanctions-extended/>.