Rejoining the Iran Nuclear Deal: Not So Easy

President-elect Joe Biden takes office on January 20, 2021, facing a litany of daunting foreign policy issues, from another massive cyber hack by Russian intelligence to alienated allies in Europe and beyond to a regime in Pyongyang that continues to proliferate weapons of mass destruction unchecked. But perhaps the stickiest—and most immediate—crisis the Biden administration faces is with respect to Iran and the 2015 nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), agreed between China, Germany, France, Russia, the United Kingdom, and the United States (the five permanent members of the United Nations Security Council plus Germany, or the P5+1) and Iran. President-elect Biden’s national security advisor, Jake Sullivan, has stated that the United States would rejoin the deal if Iran returned to compliance on its nuclear constraints and agreed to follow-on negotiations on other issues, and the deal’s other members, including Iran, have supported a like-for-like return to the JCPOA.¹

Despite the apparently simple pledges, it will not be that easy. And all sides know it. There is a certain easy nostalgia to the notion of simply rewinding the clock to 2016, when Iran completed its commitments to roll back its nuclear program, the United States and Europe lifted a significant portion of the multilateral sanctions targeting Iran, and the deal came fully into effect. The intervening years have not been kind to the 2016 status quo. The Trump administration imposed a mosaic of new sanctions that had not been levied on Iran before, including hundreds of new specific targets and new sectors, both primary and secondary. Iran today is subject to broader US sanctions and a deepening economic malaise, and its leaders have compounded matters with an inept response to the 2019 novel coronavirus (COVID-19).

However, all that economic pain does not necessarily mean that the United States has more leverage over Iran than in the run-up to the nuclear deal. While President Trump was overseeing a scorched earth sanctions campaign against Iran, he was doing roughly the same with respect to traditional US alliances, especially those with Germany and the North Atlantic Treaty Organization (NATO). The European partners to the JCPOA were nothing short of furious over the Trump administration’s withdrawal from the nuclear deal in 2018, and the Trump administration’s aggressively hostile stance toward the European Union (EU) over Iran has caused the EU to begin fundamentally rethinking its reliance on the United States. Even a transatlantic-focused Biden administration will have a difficult time rebuilding the bridges burnt by President Trump and his administration. And it is impossible to see the Biden team convincing China and Russia to push Iran with the same vigor as before the JCPOA for many reasons, but most pointedly because both countries are now themselves also subject to US sanctions.

Even political unity on the Democratic side may be difficult to come by. A December 2020 letter from 150 House Democrats supported the Biden administration’s pledge to return to the JCPOA, but Senate Democratic Leader Chuck Schumer (D-NY) voted against the deal in 2015 and key Democratic Senator Chris Coons (D-DE) made clear in November that he would support a return to the deal only if there were clear pathways to dealing with Iran’s other malign behavior (a stance commonly referred to as “JCPOA+”).

Concerns over Iran’s malignancy are especially notable as Iran’s behavior is substantially worse than in the aftermath of the JCPOA, despite promises from the Trump administration that depleting Tehran’s coffers would make it less able to lash out and that Iran would be unlikely to restart nuclear activities constrained by the deal. Instead, Iran has proven yet again that the suffering of its people and the destruction of its domestic economy have little effect on its funding for terrorism, development of ballistic missiles, support for regional destabilization, and gross abuses of human rights. Iran has continued to export oil despite the Trump administration drive to push it to zero exports, and has even increased its exports through barter deals with Venezuela and other sanctions evasion tactics. These tactics have given Tehran a critical income stream during tough economic times, although revenues are still down sharply since US sanctions were reimposed in 2018.

Critics of the JCPOA were concerned with Iran’s ability to cause trouble if granted renewed economic prosperity—a reasonable concern—and the Biden administration will now face the difficult task of assessing how to constrain a more aggressive Tehran while also agreeing to better its financial position. Indeed, Iran started off 2020 by seizing a South Korean oil tanker in an effort to try to force Seoul to release billions of dollars frozen in place by US sanctions.

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5 Faucon, “Iranian oil exports rise as Tehran circumvents sanctions, finds new buyers.”
On the nuclear front, Iran in early January resumed enriching uranium at its Fordo nuclear plant to 20 percent, the highest level it reached prior to the implementation of the JCPOA. While uranium needs to be enriched to 90 percent or more to be “weapons grade,” the 20 percent target is significant in that it further reduces Iran’s breakout time to produce a nuclear weapon. The step is the latest in a series that Iran has taken to roll back its nuclear commitments under the deal, and appears intended to give it additional leverage in negotiations with the United States and to mollify domestic critics of President Hassan Rouhani’s insistence on remaining party to the deal. All of Iran’s steps to roll back nuclear commitments are generally seen to be reversible, but they substantially increase tensions and make an already difficult situation much more volatile; Israel reportedly almost conducted an airstrike on Iranian nuclear facilities after Iran announced 20 percent enrichment a decade ago.

Complicating matters even further is Iran’s upcoming presidential election in June. The sitting Rouhani administration may be reticent to be seen to negotiate a return to the JCPOA at all with the United States, given the internal outcry over the failure of the nuclear deal to deliver economic benefit, let alone agree to constraints on Iran’s ability to project power in the region. And should Rouhani be succeeded by a more hard-line figure, any prospects of a real deal may evaporate quickly. Iranian Supreme Leader Ayatollah Ali Khamenei has predictably played both sides of the argument over the United States rejoining the deal in his public statements. All of this backdrop means that the United States almost certainly sits down to any negotiation with Iran with less leverage than it did in the run-up to the JCPOA. After four years of sustained assault by Trump on European interests, there is little European support for any JCPOA+ style negotiations until the United States comes back into compliance with the original deal’s parameters and Iran begins to see some benefit from sanctions relief. European frustration, coupled with almost certain indifference (at best) by China and Russia toward other US concerns over Iran, suggests that a return to the JCPOA itself is the best the Biden administration will be able to do, at least in the near term.

Thinking through the myriad permutations of how the next many months play out is a bit like Dr. Strange examining future outcomes via the time stone—exceedingly complicated and exhausting. So instead, let us examine the thinking surrounding these various US sanctions in advance of negotiations, since not all of them are equal. Spoiler alert: this is also complicated.

US SANCTIONS ON IRAN

US sanctions on Iran have been in place since 1979 and form the most complex overlay of authorities, by far, of any sanctions program that the US government administers. There are a few ways to break them down, fortunately. Generally speaking, Iran sanctions take two basic forms: primary and secondary sanctions. Primary sanctions are prohibitions that apply to US individuals and entities (collectively, “persons”) and restrict transactions between the United States and Iran. Secondary sanctions are a bit more nebulous, but for the sake of simplicity can be understood as sanctions that seek to extend US sanctions restrictions (and by extension, US sanctions policy) to non-US persons, with the consequence that those who do not abide by the restrictions are cut off from the United States.

Within those broad parameters, the United States has the authority to impose primary and secondary sanctions for a wide variety of reasons, including Iran’s development of a nuclear program, support for terrorism, its development of ballistic missiles and other weapons of mass destruction, abuses of human rights, and destabilizing activity in the Middle East. These authorities are derived from dozens of executive orders, as well as specific congressional legislation. Under these authorities, more than 1,000 specific individuals and entities have been sanctioned.

SANCTIONS RELIEF UNDER THE JCPOA AND TRUMP’S WITHDRAWAL

The United States agreed to certain sanctions relief as part of the JCPOA, in exchange for Iran agreeing to constraints on its nuclear program. The specific details of the sanctions lifting are supremely complex, but, in broad strokes, the United States agreed to lift secondary sanctions imposed over Iran’s nuclear

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8 “Iran resumes enriching uranium to 20 percent purity at Fordo facility.”
program alongside the United Nations (UN) and EU dropping all nuclear-related sanctions on Iran. The JCPOA did not include any lifting of other US (or EU) sanctions for non-nuclear related reasons or any US primary sanctions on Iran, and the deal specifically allowed the United States (and EU) to implement and enforce sanctions on Iran for those non-nuclear reasons, a fact routinely highlighted by Obama administration officials. Indeed, between the day the JCPOA sanctions were lifted (January 16, 2016) and the end of the Obama administration, the United States imposed several rounds of sanctions related to Iran.

Prior to its withdrawal from the JCPOA, the Trump administration imposed many rounds of sanctions related to Iran, all without violating US commitments under the nuclear deal itself. And while Trump reimposed a substantial number of sanctions that violated US commitments under the deal when withdrawing in May 2018, a great number of Trump administration sanctions on Iran after that withdrawal would have been consistent with the JCPOA.

It is useful, therefore, to think of the Biden administration’s reentry to the JCPOA as contingent upon addressing four distinct buckets of sanctions:

1. sanctions since the May 2018 withdrawal that violate commitments under the deal;
2. sanctions from January 2016 until May 2018 that are consistent with US commitments under the deal;
3. sanctions from May 2018 onward that are consistent with US commitments under the deal; and
4. non-nuclear sanctions under Trump that would scuttle the effective implementation of the deal.

**SANCTIONS CONTRARY TO JCPOA COMMITMENTS**

This bucket of sanctions is the easiest for the Biden administration to address, as any sanctions that are directly in contradiction to US commitments under the JCPOA would require lifting for the United States to come back into compliance with the deal.

The first group of these sanctions is explained by David Mortlock, also of the Atlantic Council, and Nikki Cronin, who wrote an excellent primer on the sanctions reimposed as part of the Trump administration’s withdrawal in 2018. These were the same sanctions that were lifted in 2016 by the Obama administration to bring the United States into compliance, and they cover secondary sanctions on Iran’s oil sales, petrochemical development, hard currency acquisition, and a host of other measures. They also include very narrow relief of US primary sanctions to allow for foreign subsidiaries of US companies to conduct some transactions with Iran—the export of airplanes and spare parts to Iran and the importation to the United States of Iranian carpets and foodstuffs.

The Trump administration also imposed secondary sanctions on sectors of Iran’s economy that had not been subject to such measures before. These secondary sanctions on the construction, manufacturing, mining, and textiles sectors in Iran, as well as the specific sanctions imposed on companies and individuals under those sanctions authorities, would need to be lifted to return the United States to compliance with its JCPOA commitments.

**SANCTIONS PRIOR TO WITHDRAWAL**

As noted, after taking office in 2017, the Trump administration imposed several rounds of sanctions on Iran that were consistent with US commitments under the JCPOA. These sanctions targeted ballistic missile procurement networks, Islamic Revolutionary Guard Corps – Qods Force (IRGC-QF) terror networks, human rights abusers in Iran’s prison system, Iranian malicious cyber actors, and more.

While Iran will almost certainly push for a total reset to the day the JCPOA became effective—January 16, 2016—these sanctions were taken within the framework of the JCPOA at the time, and it seems unlikely that they would be lifted to return the United States to compliance under Biden. After all, lifting

13 Mortlock and Cronin, “A road map of the re-imposed sanctions for Iran.”
sanctions on Iranian hackers who stole sensitive data from hundreds of universities around the globe for private financial gain hardly seems congruous with a deal that only seeks to constrain Iran’s nuclear program.\textsuperscript{14}

**SANCTIONS AFTER WITHDRAWAL CONSISTENT WITH JCPOA COMMITMENTS**

This is where the picture starts to get more complicated. Assuming Iran fails at getting a complete reset of US sanctions to January 2016, it will almost certainly fall back on a stance that any sanctions taken since Trump’s withdrawal from the JCPOA in May 2018 are illegitimate and contrary to the “spirit of the deal”—a phrase Tehran has used to denigrate actions it does not like but which technically do not violate commitments under the deal.

While Trump administration sanctions since May 2018 against Iranian oil sales, mining companies, and other such areas covered by the JCPOA’s sanctions relief are ripe for lifting in any Biden administration return to compliance, there are a great number of actions the Trump administration took against legitimate Iranian targets. The Biden administration will face strong opposition at home to any lifting of sanctions against targets such as human rights abusers, Iranians involved in attempted election interference in the United States, or the Iranian intelligence officers involved in the abduction and detention of former US Federal Bureau of Investigation (FBI) agent Robert Levinson.\textsuperscript{15}

The Biden team will find an easier path toward lifting many of the sanctions imposed, especially toward the end of the Trump administration, that were intended to form a “sanctions wall” to

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The likely path forward on this bucket of sanctions for the Biden administration and Iran is a negotiated list of what specific sanctions will be removed, similar to the attachments to Annex II of the JCPOA. However, Iran’s June presidential election is a major complicating factor. Negotiations like this take time and if the Rouhani administration believes it needs Iran to recognize economic benefit—which would only be realized on a lag from the time sanctions are lifted—long enough before the election to sway voters, the timeline to finalize a complicated list like this becomes awfully difficult to meet.

**POISON PILL SANCTIONS**

And that difficulty does not even take into consideration the Trump sanctions that may be supported by evidence and comport with the letter of the JCPOA, but which would ultimately poison any practical implementation of the deal altogether.

From the US side of the negotiation, there are three glaring examples: the counterterrorism sanctions imposed under Executive Order (EO) 13224 on the Central Bank of Iran (CBI), the National Iranian Oil Company (NIOC), and the National Iranian Tanker Company (NITC). On an evidentiary basis, the facts are unassailable. The CBI is responsible for allocating the funds for Hezbollah and Hamas, which are US-sanctioned and globally-recognized terror groups, and NIOC and NITC provide and ship oil for sale by the IRGC-QF. But on a practical level, secondary sanctions apply to any EO 13224-designated Iranian entity, even under the JCPOA. As the CBI controls the lion’s share of Iran’s foreign exchange reserves and holds revenues from Iran’s oil sales, and NIOC and NITC are key entities in Iran’s oil industry, these sanctions would essentially invalidate the entire effect of the JCPOA sanctions lifting.

It is possible that the Biden team could use the Treasury Department’s licensing authority to wipe out the effects of the EO 13224 designation, similar to the Trump administration’s use of the same tool to allow for humanitarian transactions via the CBI after great public outcry during the COVID-19 crisis. But Iran is unlikely to be satisfied with such an approach and could demand formal removal of counterterrorism sanctions on these entities, a move that would be hugely unpopular in US domestic circles.

And that is only the start. Iran may approach any discussion with the Biden team with a long list of sanctions it considers to be poison pills. The two other notable ones are the designation of the Islamic Revolutionary Guard Corps (IRGC) as a foreign terrorist organization (FTO) by the State Department and under EO 13224 and the designations related to the Iranian Supreme Leader’s Office (SLO). The Iranian government was particularly angry about the FTO designation, but the EO 13224 designation may be the tougher issue to deal with, as it is mandated by law pursuant to the Countering America’s Adversaries Through Sanctions Act of 2017.

Moreover, the Trump team imposed several sanctions against senior Iranian officials who would negotiate with the Biden team, most notably Foreign Minister Javad Zarif for support to the SLO, Atomic Energy Organization of Iran head Ali Akbar Salehi for nuclear activities, and Oil Minister Bijan Zanganeh under EO 13224 for support to the IRGC-QF. Although the sanctions would not necessarily impair the Biden administration’s ability to negotiate with these individuals (it is simple for the US government to give itself an exception to the sanctions prohibitions), they are likely to be high on Iran’s list for revocation as part of returning to compliance with the JCPOA's

nuclear constraints. These types of personal sanctions may seem likely candidates for removal by the Biden administration, but they could be complicated by the sanctions authority used and the personalities of the individuals at play; Foreign Minister Zarif draws particular opprobrium in US domestic political circles, for instance.

The sanctions targeting the SLO raise another set of issues, as they are derived from an EO issued by President Trump after the JCPOA withdrawal. While they may not be directly in contravention of US commitments under the deal, Iran would most certainly view them as violating the spirit of the JCPOA, given their breadth; they include Bonyad Mostazafan, a multibillion-dollar business conglomerate subordinate to the supreme leader. The Biden administration, for its part, will face a decision on whether to lift sanctions targeting the corrupt financial empire of Iran’s supreme leader that has longstanding links to the IRGC and other sanctioned Iranian entities.

If Iran does indeed object to all EOs issued after Trump’s withdrawal from the JCPOA, then the Biden team will have a decision to make on whether to rescind the EO imposing secondary sanctions on conventional arms transactions with Iran that was issued after the UN conventional arms embargo on Iran expired in October 2020. The EO does little in practical terms, as secondary sanctions apply to any Iranian entity that would engage in conventional arms trade and would apply even under the sanctions constraints in the JCPOA. But lifting secondary sanctions on Iran’s conventional arms—especially during a time of heightened Iranian military destabilization in Syria and Yemen—may be too toxic politically for the Biden administration to consider.

**IS A US RETURN TO THE JCPOA IMMINENT?**

Prognostication is a difficult business these days, and while the Biden administration promises a more consistent foreign policy approach than its predecessor, it is hardly the only actor in this particular drama. What is for certain is that there is a desire on both sides to return to some sort of arrangement that offers US sanctions relief for Iranian nuclear constraints.

But given the challenges and complexities with the seemingly simple “rejoin the JCPOA” statement both sides have floated, the timing and conditions of accomplishing that are not quite as clear as many would hope. It may be that rejoining cannot happen for many months. Or it may be that the United States and Iran need to find some steps short of a full JCPOA return...
that defuse tension and create the conditions for more fulsome negotiations over what a return means. And it may be that both sides need to come to some understanding of a path forward on the negotiations over the litany of other concerns with Iranian malfeasance. Whatever the case, both Biden’s Washington and Khamenei’s Tehran face a complicated task.

Brian O’Toole is a nonresident senior fellow with the Atlantic Council’s GeoEconomics Center. Brian is the senior vice president and director of sanctions and screening at Truist Financial Corporation, where he oversees the corporation’s sanctions compliance efforts and politically exposed persons screening across the bank and its subsidiary businesses. Previously, Brian worked at the US Department of the Treasury from 2009 to 2017. As senior adviser to the director of the Office of Foreign Assets Control (OFAC), he helped manage the implementation of all OFAC-administered economic and financial sanctions programs, including US government commitments under the Joint Comprehensive Plan of Action with Iran.
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