

Risks of Restoring Heavy Sanctions Against Iran

The Trump Administration is poised to pave the way for Congress to snap-back suspended sanctions and/or impose new unilateral sanctions on Iran. Unless justified by Iranian violations of the JCPOA, such action would cause long-term damage to U.S. political, security and financial interests and serve no national security objective.

New sanctions that specifically target Iranian missile testing and other troubling activity in the region are useful in sending an important message to Iran. But the re-imposition of the suspended sanctions or additional new sanctions that are comparable to suspended sanctions will undermine the very basis of the agreement.

A finding by other negotiating states that the U.S. is not in compliance with the nuclear agreement would be an unprecedented setback to U.S. interests and stature, undermining the U.S. leadership's role worldwide on diplomatic initiatives to resolve conflicts, and would challenge the power of the U.S. Treasury.

We offer two risk scenarios:

Risks if the Agreement Continues Without the U.S. Involvement:

- **Isolation of the U.S.** Iran would likely agree to continue to observe the limits on its nuclear program in exchange for assurances of the governments of Europe, China and Russia to support companies in rejecting U.S. extra-territorial sanctions. The disintegration of the coalition would weaken the U.S.'s ability to mobilize multilateral action against Iran should it violate the agreement.
- **Iranian political win over the U.S.** If Iran decides to continue abiding by their commitments and seeks a greater integration into global business and diplomacy, Iran will likely garner increased sympathy and support internationally.
- **Loss of trust in America's commitment to diplomatic negotiations and agreements worldwide.** A rejection of the nuclear deal will destroy U.S. credibility in future diplomatic negotiations on subjects such as a future non-proliferation agreement with North Korea.
- **Eliminate a U.S. leading role in negotiating peaceful settlements of the conflicts in Iraq, Syria, Yemen, and Afghanistan.** None of those conflicts can be resolved by military force alone and none can be resolved without Iran.
- **Serious legal and political disputes with European nations, Japan and large enterprises.** A strenuous U.S. application of new extra-territorial sanctions would be seen as an overreach, placing U.S. law over the laws of others. Corporations will be reluctant to risk crippling fines but others could seek to confront such American sanctions if they have their government's support. China and Russia would welcome such confrontation and widening the gap between the U.S. and Europe.
- **Significant challenge to the power and influence of the U.S. Treasury** that could bring closer a day the U.S. dollar is no longer the world's only reserve currency, a goal long sought by China and others.
- **Cancellation of Boeing's \$20 Billion agreement to sell commercial aircraft to Iran,** which promises to support at least 100,000 American jobs.

Risks if Iran Restores its Nuclear Program:

- **Restoration of a robust Iranian nuclear program,** without unprecedented international monitoring required under the JCPOA, could result in increased hostility from Iran worldwide, possibly leading to a nuclear-armed Iran or resulting in a war with Tehran.
- **End opportunities for the gradual moderation of Iran's political system.** Iran's hardliners will be empowered to return Iran to a more closed, dangerous player in the long-term. Supported by the majority of Iranian voters, Iran's leaders have used benefits from the agreement to expand trade and investment opportunities to improve the economic, social and political environment for Iranians particularly the 70% of Iranians born after the 1979 Revolution.

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