

MEMBER ALERT



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US SANCTIONS - PRESIDENTIAL ANNOUNCEMENT CONCERNING IRAN

Last Friday, October 13, President Trump refused to certify (i.e. de-certified) that Iran was in compliance with the 2015 Iran nuclear deal (JCPOA), stating that Iran had committed multiple violations of the agreement. The JCPOA resulted in the lifting of UN, EU and secondary US sanctions against Iran in consideration of Iran's agreement to restrictions on its nuclear program.

De-certification does not by itself mean that the United States will automatically withdraw from the JCPOA and that US secondary sanctions will be re-imposed against Iran. De-certification, at this stage, simply refers the matter to the US Congress for a vote on whether or not to re-impose the secondary Iran sanctions that previously had been lifted under the JCPOA.

In the event Congress approves the re-imposition of US secondary sanctions, the President would then have to decide whether to approve or to veto such legislation. If the legislation were not vetoed by the President, and he signed it into law, US Iran secondary sanctions would "snap back" into effect.

Primary sanctions against Iran with which US persons must comply were not affected by the JCPOA and remain in force. Secondary sanctions are restrictions applying to non-US companies engaged in trade or investment with Iran, even where there is no US-nexus involved.

If Congress did not act, the President would need to decide whether to continue the lifting of sanctions provided for under the JCPOA. Mr. Trump has called for Congress to accept a plan that would strengthen enforcement of the JCPOA and attach new trigger points to the agreement.

In these circumstances, the US could re-impose secondary sanctions if Iran violated certain conditions. The violations could include further missile tests, or a failure to agree to lengthier constraints in producing nuclear fuel than those that apply at present.

If Congress failed to act, Mr. Trump has stated that he is willing to terminate the deal. There has been no legal change to the US sanctions against Iran in the aftermath of President Trump's de-certification, other than the imposition of sanctions against Iran's Islamic Revolutionary Guard Corps (IRGC).

The situation with respect to the status of the JCPOA and the continued lifting of US Iran secondary sanctions will depend on critical decisions of policymakers in Washington and elsewhere. Your Managers will be following developments closely, and will provide further reports to Members as events unfold.