U.S. Decision to Cease Implementing the Iran Nuclear Agreement

Kenneth Katzman
Specialist in Middle Eastern Affairs

Paul K. Kerr
Specialist in Nonproliferation

Valerie Heitshusen
Specialist on Congress and the Legislative Process

May 9, 2018
Summary

On May 8, 2018, President Donald Trump announced that his Administration would cease implementing U.S. commitments under the 2015 multilateral Joint Comprehensive Plan of Action (JCPOA) with Iran and reimpose all U.S. sanctions that were in place prior to the JCPOA. His announcement made reference to his previous statements on the issue, including an October 13, 2017, announcement of U.S. strategy on Iran and a January 12, 2018, statement pledging to leave the agreement unless Congress and U.S. allies acted to address the full range of U.S. concerns on Iran. In his May 8 and earlier statements, President Trump asserted that the agreement does not address the full range of potential threats posed by Iran, or permanently ensure that Iran cannot develop a nuclear weapon. President Trump also again asserted that the JCPOA provided Iran with additional financial resources with which to pursue its ballistic missile program and support its regional “malign activities.” In his May 8 statement, President Trump indicated that reimposed U.S. sanctions would succeed in pressuring Iran to renegotiate the JCPOA to accommodate Administration demands.

President Trump’s May 8 statement also implied that, based on an early May presentation by Israeli Prime Minister Benjamin Netanyahu, Iran has not abandoned an intent to ultimately develop a nuclear weapon. International nuclear inspectors, as well as senior U.S. officials, have consistently indicated in their reports that Iran is complying with the provisions of the JCPOA. The President foreshadowed his May 8 announcement with his October 2017 and January and April 2018 refusal to certify to Congress, under the Iran Nuclear Agreement Review Act (INARA, P.L. 114-17), that continued U.S. sanctions relief to Iran under the JCPOA is “appropriate and proportionate” to the measures taken by Iran to terminate its illicit nuclear program. The withholding of that certification did not automatically reimpose any U.S. sanctions on Iran, but gave Congress the opportunity to use expedited procedures to do so. Congress did not act to reimpose the sanctions.

The other powers that negotiated the accord with Iran—Russia, China, France, Britain, and Germany—have consistently asserted that the JCPOA is succeeding in its core objectives and that its implementation should not be jeopardized. Several European countries have sought to address President Trump’s demands in negotiations with U.S. officials. In late April 2018 visits to Washington, DC, the President of France and the Chancellor of Germany told President Trump they want to work with the United States to formulate joint action that would address his concerns, but they urged that he keep the United States in the accord as a foundation on which to build additional restrictions on Iran. The leaders of Britain, France, and Germany, as well as the European Union, expressed “regret” about the U.S. decision and pledged to work with Iran to continue implementing the JCPOA. Iran’s President Hassan Rouhani immediately reacted to the May 8 U.S. decision by pledging to continue implementing the accord, provided Iran continues to receive the economic benefits of the agreement.

This report analyzes the U.S. pullout from the JCPOA and its potential implications. For details on the JCPOA’s provisions and related sanctions issues, see CRS Report R43333, Iran Nuclear Agreement, by Kenneth Katzman and Paul K. Kerr; and CRS Report RS20871, Iran Sanctions, by Kenneth Katzman.
Contents

Overview of the Issue................................................................. 1
Presidential Decision to Cease Implementing the JCPOA........................ 1
   Reaction to the Announcement ................................................. 3
      European Reaction and Plans............................................ 3
      Iranian Reaction and Plans............................................ 3
      Possible Congressional Responses ...................................... 4
Use of JCPOA Provisions............................................................ 4
Use of INARA Provisions............................................................ 6
   Material Breach Report ....................................................... 6
   Compliance Certification Decisions ......................................... 7
Sanctions Waiver Decisions ....................................................... 8
Possible Implications of the U.S. Withdrawal .................................. 9

Contacts

Author Contact Information ......................................................... 11
Overview of the Issue

In October 2017 and more explicitly in January 2018, the President linked continued U.S. participation in the Joint Comprehensive Plan of Action (JCPOA) to congressional and allied action to address the deficiencies in the JCPOA that the President identified. On May 8, he announced that the United States would cease implementing the JCPOA, using the mechanism of reimposing suspended U.S. sanctions to implement the U.S. pullout. The May 8 announcement came in advance of a May 12, 2018, date when the existing waiver of a key U.S. sanctions law was to expire. The U.S. withdrawal from the JCPOA will likely have significant implications for U.S. policy in the region.

This report bases its analysis primarily on the text of key documents involved in the issue—the JCPOA itself;¹ U.N. Security Council Resolution 2231 of July 20, 2015,² which endorsed the JCPOA; and the Iran Nuclear Agreement Review Act (INARA, P.L. 114-17, of May 22, 2015).

Presidential Decision to Cease Implementing the JCPOA

The JCPOA does not specifically provide for any party to the agreement to “withdraw.”³ Although European and other diplomats argue that Resolution 2231 makes the agreement binding on all parties under the U.N. Charter, officials in the Obama Administration asserted that the JCPOA is a nonbinding political commitment,⁴ and Trump Administration officials continued that assertion. As President Trump noted in his October 2017 and January 2018 statements, he has the authority to cease U.S. implementation of the accord. He has the authority to reimpose all or some of the U.S. sanctions that were revoked or suspended to implement the deal, to reinstate those sanctions imposed by Executive Order, and to redesignate for sanctions entities that were “de-listed” from sanctions to implement the JCPOA. The President’s May 8, 2018, announcement that the United States would no longer implement the JCPOA indicated that he would exercise all these options to reimpose all U.S. sanctions that were revoked or suspended to implement the JCPOA. The President apparently does not require the approval of Congress for these courses of action.

President Trump’s May 8 announcement was widely foreshadowed. On August 1, 2017, then-Secretary of State Tillerson told a press briefing: “The conversation on Iran does not begin and end with the JCPOA, the nuclear agreement, and I think if there’s one thing I hope I can help people understand it’s that agreement dealt with a very small slice of Iran’s threats, and that was their nuclear program.”⁵ In a speech to the U.N. General Assembly on September 19, 2017, President Trump said

---

¹ The text of the JCPOA can be found on the website of the Department of State at https://www.state.gov/e/eb/ts/spi/iran/jcpoa/.
² The text of Security Council Resolution 2231 is at the following link: http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_res_2231.pdf.
³ Some of this section is taken from a legal analysis of this option provided in CRS Report R44761, Withdrawal from International Agreements: Legal Framework, the Paris Agreement, and the Iran Nuclear Agreement, by Stephen P. Mulligan.
⁴ Letter from Julia Frifield Assistant Secretary of State for Legislative Affairs, to then-Rep. Mike Pompeo, November 19, 2015.
⁵ Department of State. Remarks by Secretary of State Rex Tillerson at a Press Availability, August 1, 2017.
We cannot let a murderous regime continue these destabilizing activities while building dangerous missiles, and we cannot abide by an agreement if it provides cover for the eventual construction of a nuclear program. The Iran Deal was one of the worst and most one-sided transactions the United States has ever entered into. Frankly, that deal is an embarrassment to the United States, and I don’t think you’ve heard the last of it, believe me.⁶

On October 13, 2017, President Trump announced a new U.S. strategy on Iran,⁷ following a six-month policy review. The President raised the possibility that he might terminate U.S. participation in the JCPOA if certain conditions are not met, stating that

By its own terms, the Iran Deal was supposed to contribute to “regional and international peace and security.” And yet, while the United States adheres to its commitment under the deal, the Iranian regime continues to fuel conflict, terror, and turmoil throughout the Middle East and beyond. Importantly, Iran is not living up to the spirit of the deal.... That is why I am directing my administration to work closely with Congress and our allies to address the deal’s many flaws so that the Iranian regime can never again threaten the world with nuclear weapons.... However, in the event we are not able to reach a solution working with Congress and our allies then the agreement will be terminated. It is under continuous review, and our participation can be cancelled by me, as President, at any time.

On January 12, 2018, President Trump again threatened to withdraw the United States from the JCPOA unless Congress and the European allies “fix the terrible flaws of the Iran nuclear deal.”⁸ He identified the “fixes” as (1) a requirement that Iran allow immediate inspections at all sites requested by international inspectors; (2) ensuring that Iran “never even comes close to possessing a nuclear weapon”; (3) the elimination of an expiration date for the JCPOA's nuclear restrictions on Iran; and (4) subjecting Iran’s development and testing of missiles to “severe sanctions.” The President also called on U.S. allies to “take stronger steps with us to confront Iran’s other malign activities,” defined as Iran’s support for terrorist groups, its development of missiles and their supply to Iran’s allies and proxies, Iran’s cyber threats, its human rights violations, and its threats to international shipping.

After the January 12, 2018, statement, the President replaced Tillerson and National Security Adviser H.R. McMaster with officials who have been critics of the JCPOA. Secretary of State Mike Pompeo, sworn in on April 26, 2018, and National Security Adviser John Bolton, who began his appointment on April 9, 2018, both, prior to assuming their current posts, argued in favor of military action against Iran’s nuclear program and for U.S. efforts to change Iran’s regime.

The May 8 announcement signaled that the Administration seeks to encourage further efforts to address its concerns about the JCPOA and broader Iran issues, possibly in a revised nuclear agreement. According to the May 8 statement

As we exit the Iran deal, we will be working with our allies to find a real, comprehensive, and lasting solution to the Iranian nuclear threat. This will include efforts to eliminate the threat of Iran’s ballistic missile program, to stop its terrorist activities worldwide, and to block its menacing activity across the Middle East.... Iran’s leaders will naturally say that they refuse to negotiate a new deal. They refuse, and that’s fine. I’d probably say the

same thing if I was in their position. But the fact is, they are going to want to make a new
and lasting deal, one that benefits all of Iran and the Iranian people.\textsuperscript{9}

**Reaction to the Announcement**

Global reaction to the May 8 announcement tracked closely with the consistent positions taken by
countries and leaders on the JCPOA. The decision drew statements of support from Israel, Saudi
Arabia, the United Arab Emirates, and Bahrain—all countries that assert that Iran is a major
threat to their security.

**European Reaction and Plans**

The leaders of France, Germany, and Britain (the three European countries that negotiated the
JCPOA alongside the United States)—as well as the EU collectively—issued a joint statement
expressing “regret” over the decision. European leaders stated that they remained committed to
the JCPOA as “important for our joint security.” European diplomats have consistently asserted
that the JCPOA is a binding international commitment under Resolution 2231, which endorsed
the accord.

The European reaction appeared to reflect disappointment in the failure of their efforts to address
President Trump’s concerns through a supplemental agreement or pledges of joint action. Since
President Trump’s October 13, 2017, speech, Britain, France, and Germany held numerous
meetings with U.S. State Department officials led by senior adviser to the Secretary of State
Brian Hook, to discuss potential European steps that could satisfy Mr. Trump’s demands. As the
May 12 deadline to again waive key sanctions laws loomed, France’s President Emmanuel
Macron and Germany’s Chancellor Angela Merkel each met with President Trump in
Washington, DC, during the week of April 23, expressing support for working with the United
States on additions to the JCPOA, or other U.S.-European joint action, that would address the
expiration of nuclear restrictions, Iran’s regional activities, and Iran’s ballistic missile programs.
President Macron’s comments during his visit suggested he might be willing to try to engage Iran
(and presumably also Russia and China) in new negotiations regarding these issues.\textsuperscript{10} Yet, no firm
agreements were announced in the course of the European leadership visits. The European leaders
indicated that it would be unwise to risk the collapse of the accord without a clear alternative in
place, and both indicated they intended to continue implementing the JCPOA even if President
Trump ceases to implement it. According to a senior State Department official briefing reporters
after the May 8 presidential announcement

\begin{quote}
The President made clear on January 12\textsuperscript{th} that he was giving a certain number of months
to try to—for—try to get a supplemental agreement with the E3 (Britain, France, and
Germany). We didn’t get there. We got close. We made a—we had movement, a ton of
good progress, which will not be wasted, but we didn’t get there.... \textsuperscript{11}
\end{quote}

**Iranian Reaction and Plans**

Iran’s President Hassan Rouhani reacted to the May 8 announcement immediately, stating that
Iran would work with the remaining parties to the accord to keep it intact. He indicated that Iran

\textsuperscript{10} https://www.whitehouse.gov/briefings-statements/remarks-president-trump-president-macron-france-joint-press-
conference/
\textsuperscript{11} https://www.state.gov/r/pa/prs/ps/2018/05/281959.htm
would continue to implement its commitments as long as Iran derivs the economic benefits of the agreement, an implicit threat that Iran might leave the accord if reimposed U.S. sanctions damage its economy significantly. Paragraph 26 of the JCPOA states that “... Iran has stated that it will treat such a reintroduction or reimposition 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.”\(^{12}\) At the same time, on May 8, Rouhani directed Iran’s nuclear program officials to be prepared to restart suspended aspects of Iran’s program if the accord collapses entirely.

Iranian officials have consistently insisted that they would not renegotiate the JCPOA under any circumstances. Iranian hardliners are likely to oppose any such renegotiation as a capitulation and Iran’s leaders have argued that no amount of U.S. or international pressure will cause Iran to cede what it views as its right to have a civilian nuclear program or the ballistic missile programs Iran says are needed to defend itself. Yet, in late 2017, some Iranian military figures suggested Iran might be willing to refrain from developing missiles with ranges over the 1,200 mile ranges of Iran’s existing missile arsenal. On May 9, Iranian parliamentarians burned copies of the JCPOA and chanted anti-U.S. slogans in Iran’s parliament chamber to express opposition to the U.S. decision.

### Possible Congressional Responses

As noted above, President Trump has called on Congress to act on new legislation that addresses the weaknesses of the JCPOA. On October 13, 2017, Senate Foreign Relations Committee Chairman (SFRC) Bob Corker and Senator Tom Cotton released an outline of legislation that would address some of the President’s concerns by setting up a trigger to automatically reimpose U.S. sanctions at any time that Iran violates existing JCPOA nuclear restrictions—even after the restrictions expire under the JCPOA. The legislation was not introduced. Another version, reportedly negotiated between Senator Corker and SFRC ranking member Senator Robert Menendez, also was not introduced. Senator Corker indicated in a press interview on April 29, 2018, that Congress might act to address President Trump’s concerns about the JCPOA if European leaders support joint action on the JCPOA even if doing so might appear to contradict the provisions of the JCPOA.\(^{13}\) This suggests that congressional action might hinge on whether European leaders are able to forge a new agreement with Iran or a U.S.-European agreement that would convince President Trump to resume implementing the existing JCPOA.

### Use of JCPOA Provisions

The Trump Administration could have used provisions of the JCPOA itself to cease implementation of U.S. commitments under the agreement. It opted not to do so, but instead to cease implementing the JCPOA by reimposing U.S. sanctions (see below). Paragraph 36 of the JCPOA outlines a complex “Dispute Resolution Mechanism” under which any party to the agreement can assert that another party is violating the accord and seek to resolve the issue. The JCPOA mechanism outlines a process by which Iran can resolve such a dispute but provides that, “if the complaining participant deems the issue to constitute significant nonperformance, then that participant could treat the unresolved issue as grounds to cease performing its commitments.

---

\(^{12}\) Paragraph 26 of the JCPOA.

under this JCPOA.14 The dispute resolution mechanism provides for the United States to be able to “snap back” all sanctions.15 The United States is a veto-wielding permanent member of the U.N. Security Council, and the dispute resolution mechanism enables any veto-wielding member to block a U.N. Security Council resolution that would continue the lifting of U.N. sanctions.

The dispute resolution mechanism generally refers to the ability of any party to complain about potential nonperformance of only those issues that are directly addressed in the JCPOA. A U.S. accusation of Iranian noncompliance, in the absence of supporting evidence from the International Atomic Energy Agency (IAEA), would undoubtedly raise questions about the use of this mechanism to leave the agreement.

14 Paragraph 36 of the JCPOA.
15 Paragraph 37 of the JCPOA.
Iranian Compliance with the JCPOA

On January 16, 2016, IAEA Director General Yukiya Amano reported to the agency’s Board of Governors that Iran had implemented the nuclear measures required for the JCPOA’s “Implementation Day.” The agency has continued to monitor Iranian compliance with the agreement’s nuclear-related requirements; all subsequent reports, the most recent of which Amano issued on February 22, 2018, document Iranian compliance with these obligations. Although the IAEA reports findings of its inspection and monitoring activities and the JCPOA-established Joint Commission monitors the parties’ implementation of the agreement, compliance determinations are national decisions. Department of State Director of Policy Planning Brian Hook told reporters on March 21 that Iran is in “compliance with their commitments under the JCPOA”—a reiteration of past U.S. assessments.

Although these reports and U.S. official statements and certifications indicate that Iran has not engaged in any JCPOA-prohibited activities, the agreement describes arrangements for agency inspectors to gain access to Iranian sites, including military sites, other than those that Tehran has declared to the agency, “if the IAEA has concerns regarding undeclared nuclear materials or activities, or activities inconsistent with” the JCPOA. Should such concerns arise, the IAEA is to “provide Iran the basis for such concerns and request clarification.” The IAEA could request access to the site if Iran’s explanation does not sufficiently clarify the matter. The JCPOA provides for a process to resolve the issue in question if Tehran initially declines to provide access to the site. Iran allowed the IAEA to visit the Parchin military site in September 2015 as part of an agreed process for resolving IAEA concerns about possible past Iranian military-related nuclear activities.

Amano’s February 2018 report states that the IAEA has continued verification and monitoring of the restrictions described in Section T of the JCPOA, which prohibits a number of nuclear-weapons-related activities. The IAEA has not reported whether it has requested access to any Iranian military facilities, but the agency has a number of methods other than inspections, such as analyzing open source information and receiving intelligence briefings from governments, to monitor Iranian compliance with these and other JCPOA commitments. Amano stated in a March 5 address to the IAEA board that agency inspectors “have had access to all the sites and locations which we needed to visit.”

U.S. officials have expressed concern regarding Iran’s accumulation of heavy water. According to the JCPOA, Iran has committed to refrain from accumulating heavy water “beyond Iran’s needs”—an amount which the JCPOA specified is 130 metric tons of “nuclear grade heavy water or its equivalent in different enrichments” prior to commissioning the redesigned Arak reactor. Tehran is to “sell any remaining heavy water on the international market for 15 years.” Iran’s stock of heavy water has exceeded 130 metric tons on two occasions since the JCPOA began implementation. On February 17, 2016, the IAEA verified that Tehran’s heavy water stock had exceeded 130 metric tons; on November 8, 2016, the IAEA verified that Iran’s stock of heavy water had again exceeded the JCPOA limit. Iran resolved the issue on both occasions by exporting the excess heavy water. Iran has sent this material to Russia and the United States, shipping at least some of it via Oman. The IAEA verified on February 11, 2018, that Iran had 117.9 metric tons of heavy water.

Use of INARA Provisions

The INARA law gives the Administration options to cease U.S. implementation of the JCPOA. However, the May 8 presidential statement on the JCPOA did not invoke INARA provisions, but instead was based on presidential authority to reimpose those sanctions that were suspended.

Material Breach Report

INARA authorizes the President to provide Congress with “credible and accurate information relating to a potentially significant breach or compliance incident by Iran ...” and, within 30 days

---


17 Ibid.

18 Ibid.
of submitting such information, to determine whether the Iranian breach “constitutes a material breach” and whether Iran has “cured such material breach.”\textsuperscript{19} Under INARA, an Administration confirmation of an uncured material breach of the JCPOA by Iran would trigger expedited procedures for congressional consideration of legislation that would reimpose those U.S. sanctions that have been waived to implement the JCPOA—and prevent further such waivers. A summary of the expedited procedures is provided in the text box, “Expedited Congressional Procedures,” at the end of this report.

An Administration report to Congress of a material breach by Iran would almost certainly prompt other P5+1 parties to question whether U.S. assertions are corroborated by similar findings by the IAEA. The INARA material breach report does not appear to provide for the Administration to accuse Iran of an uncured breach on any grounds other than compliance with the nuclear commitments of the JCPOA. Other P5+1 parties might also question whether the United States has provided information on any potential Iranian breach to the IAEA for further investigation under the dispute resolution mechanism discussed above. If the Administration has not provided such information to the IAEA for investigation, its not doing so would likely raise questions about the credibility of the information or the motives of the Administration in reporting such accusations to Congress separately.\textsuperscript{20}

\textbf{Compliance Certification Decisions}

INARA requires the Administration to certify every 90 days that all of 4 main conditions of Iranian compliance have been met. The four points are that (1) Iran is verifiably and fully implementing the JCPOA; (2) Iran has not committed an uncured material breach; (3) Iran has not taken any action that could advance a nuclear weapons program; and (4) continued suspension of sanctions (including issuance of waivers of applicable sanctions laws) is (a) appropriate and proportionate to the specific and verifiable measures taken by Iran with respect to terminating its illicit nuclear program and (b) vital to the national security interests of the United States.

A decision on INARA certification is separate from a presidential decision whether to reimpose sanctions. INARA gives Congress the option to reimpose sanctions on Iran under expedited privileges, but does not require such action. INARA contains a provision under which sanctions reimposed by the INARA process cannot be waived or otherwise not implemented by the President.

In his October 13, 2017, speech on Iran, President Trump announced that he was withholding INARA compliance certification on the grounds that he cannot certify that continued sanctions relief is “appropriate and proportionate” to the measures taken by Iran to terminate its illicit nuclear program. Explaining this decision, the President argued that the JCPOA provided “urgently needed relief from the intense domestic pressure the sanctions had created” and also allowed Iran to “sprint towards a rapid nuclear weapons breakout” after the time-bound restrictions on Iran’s nuclear program end. President Trump also asserted that Iran has not complied with the “spirit” of the agreement and has violated some JCPOA nuclear-related provisions. The President used the same grounds to withhold certification at the certification deadline of January 13, 2018. The absence of certification continued at the subsequent certification decision deadline of April 13, 2018.

\textsuperscript{19} Text of INARA.
As discussed in the text box below, the refusal to certify Iranian compliance gave Congress the option to act under expedited procedures to reimpose sanctions on Iran. Congress has not taken such action, to date.

Sanctions Waiver Decisions

Separately from INARA, the President has the option to reimpose sanctions by refusing to renew waivers of the various sanctions laws, reissuing Executive Orders that were revoked, or imposing new sanctions by executive order. A refusal to certify Iranian compliance under INARA does not automatically cause the reimposition of any Iran sanctions. On May 8, President Trump announced that he was withdrawing from the JCPOA by using his authority to reimpose all sanctions that were suspended or revoked. The sanctions, to go fully back into effect by no later than November 6, 2018 (180 days from May 8), are analyzed in significant detail in CRS Report RS20871, Iran Sanctions, by Kenneth Katzman. The May 8 statement was in advance of the May 12 expiration of the waiver in place for the FY2012 NDAA (120-day waiver period). The waivers of the other 3 laws that were waived were scheduled to expire in mid-July 2018 (180-day/6-month waiver periods). Prior to the May 8 announcement, the President had renewed the waivers when they have come up for renewal—most recently on January 12, 2018.

As part of the process of reimposing all Iran sanctions, the Administration will be restoring the “Specially Designated National” (SDN) designation to all of the entities that were “de-listed” to implement the JCPOA. The entities that were de-listed are those that involve Iran’s civilian economy, such as banks, shipping firms, insurance entities, civilian manufacturers, and energy-related entities. Redesignating such entities resumes the application of some U.S. secondary sanctions to those entities, including provisions of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195) or the Iran Freedom and Counter-Proliferation Act (IFCA, P.L. 112-239), that largely close the U.S. economy to third-country entities that conduct transactions with Iran-related SDNs. The entities to be “re-listed” (at the 180-day mark, which is November 4, 2018) include those that are crucial to Iran’s economy, such as the Central Bank of Iran, the Islamic Republic of Iran Shipping Lines (IRISL), Iran Air, and the National Iranian Oil Company (NIOC).

21 The waivers required are for the following provisions: Sections 1244(i), 1245(g), 1246(e), and 1247(f) of the Iran Freedom and Counter Proliferation Act of 2012 (P.L. 112-239)—every 180 days; Section 1245(d) of the National Defense Authorization Act for FY2012 (P.L. 112-81)—every 120 days; Sections 212(d)(1) and 213(b)(1) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (P.L. 112-158)—every 6 months; and the Iran Sanctions Act of 1996 (P.L. 104-172)—every 6 months.


**Possible Implications of the U.S. Withdrawal**

The possible implications of the U.S. decision to cease implementing the JCPOAOA are varied and extensive. Some possible implications are as follows:

- The European Union countries as well as Russia, China, and other major Iran trading partners might attempt to shield from—or obtain exemptions from—any U.S. penalties for conducting transactions with Iran that violate reimposed U.S. sanctions. The EU might do so through such actions as blocking regulations or the World Trade Organization complaint process. EU governments might also seek from the United States exemptions from penalties. As noted, should a “critical mass” of major international firms remain in the Iran market, it might be possible to sustain the JCPOA without U.S. participation.

- It is possible that the JCPOA will collapse without U.S. participation. Major international firms, now that they face the threat of being virtually shut out of the large U.S. market, might exit Iran and thereby cause Iran’s economy to deteriorate sharply. Iranian leaders might argue that Iran is no longer benefitting from complying with the JCPOA and then resume those nuclear activities that are restricted under the accord. Iran could, for example, reinstall centrifuges, increase centrifuge production, or produce enriched uranium containing more than the JCPOA-permitted amount of uranium-235. Iran could also undertake new undeclared nuclear activities and/or resume its nuclear weapons program.

---


23 Iran ended its nuclear weapons program in late 2003 and never completed some steps necessary for building such a weapon; CRS is not aware of any public official evidence of a bureaucratic apparatus for developing nuclear weapons. For more information, see CRS Report RL34544, *Iran’s Nuclear Program: Status*, by Paul K. Kerr.
Whether Tehran would be able to do so undetected would depend on both the nature of the activities, whether and to what extent Iran would disallow IAEA monitoring, and the capabilities of various governments’ intelligence services. Even if Iran were to stop implementing its JCPOA obligations, the government would still be bound by its IAEA comprehensive safeguards agreement and the nuclear Nonproliferation Treaty.

- There is potential for Iran to react to the U.S. pullout from the JCPOA in ways unrelated to the agreement. Iran could, for example, expand its support to regional armed factions and groups to enhance Iran’s regional reach. Iran could potentially conduct cyberattacks on U.S. or other targets. Iran could also increase the pace of its missile tests, or the ranges of those missiles, both of which would, according to U.S. officials, be inconsistent with Resolution 2231.

- The U.S. pullout from the JCPOA might cause other regional countries, such as Saudi Arabia, to try to develop nuclear weapons to counter a possible nuclear-armed Iran.

- North Korea, perceiving that the United States does not uphold its commitments, might become reluctant to negotiate a nuclear accord with the United States.

- A resumption of Iran’s JCPOA-restricted nuclear activities could prompt Israel or the United States to strike Iran’s nuclear facilities to prevent Iran from having the option of developing a nuclear weapon. In his May 8, 2018, statement, President Trump said, “If the regime continues its nuclear aspirations, it will have bigger problems than it has ever had before”—a statement that could potentially be interpreted as including possible military action.

- The reimposition of sanctions could cause Iranian economic deterioration to the point where substantial unrest erupts. Iran experienced significant public demonstrations, mainly on economic grounds, in late 2017 and early 2018, and a downturn in Iran’s economy could cause such unrest to reemerge.

- Contrary to the forecasts of many experts, there is potential for Iran’s economy to decline to the point where Iran’s leaders decide to accept a renegotiation of the JCPOA along the lines President Trump has insisted upon. Alternately, severe economic deterioration could prompt Iranian officials to negotiate restrictions on Iran’s missile program, such as a limitation on the ranges of such missiles.24

---
