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The Iran Deal: How the Legal Implementation of the Deal puts the United States at a Disadvantage both Economically and in Influencing the Future of Iran's Business Transactions.

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The Iran Deal: How the Legal Implementation of the Deal puts the United States at a Disadvantage both Economically and in Influencing the Future of Iran's Business Transactions.

*Melody Fahimirad**

Abstract: On July 14, 2015, after almost two years of various talks and negotiations, the permanent members of the United Nations Security Council, Germany, and the European Union, signed a comprehensive international agreement with Iran to try to ensure Iran would not develop military nuclear capabilities. Under the Iran Deal, the European Union agreed to lift nearly all economic sanctions that it has imposed on Iran if Iran complies with certain restrictions over the course of eight years. The United States will lift some sanctions but will still restrict U.S. citizens from some activities involving Iran. This note argues the differences in sanction relief between the United States and the European Union will put U.S. businesses at a competitive disadvantage.

This Note defends the thesis that under the Iran deal, the United States and the European Union should collaborate and lift sanctions in congruence with each other. It argues that the history of sanctions and penalties imposed on Iran by the United States has been similar to the sanctions and penalties imposed on Iran by the European Union, allowing the United States and the European Union to successfully cooperate and regulate interstate business relations in Iran. This Note then contends that if Iran does comply with the current Iran Deal, U.S. businesses will be at an economic disadvantage because they will be unable to conduct business with Iran due to strict United States-only sanctions, while their European counterparts will be able to engage in new business opportunities with Iranian companies. Further, the U.S. government will also be at a disadvantage, as the government will want to understand the legal differences in business law in Iran, such as the differences in Iran's business civil code compared to the United States in order to successfully regulate interstate activity. This Note then argues that by allowing sanction relief similar to the European Union, the United States would not only offer U.S. businesses a global economic opportunity in a rich market, but the United States would also be able to coordinate with other countries on how to proactively deal with the complex legal issues of how to conduct business transactions in Iran. Finally, this Note contends that lifting economic sanctions will help the United States influence the regulations of interstate transactions with Iran and help mold the Iranian economy as a whole.

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I. INTRODUCTION

Over the last thirty years, the United States has imposed various sanctions on Iran, “resulting from a myriad of statutes and Executive Orders,”¹ which have included the freezing of Iranian assets, preventing U.S. companies from trading with Iran, and prohibiting U.S. persons from investing in Iran.² The United Nations Security Council and the European Union have also imposed sanctions on Iran over the last ten years.³ These entities have imposed Sanctions on Iran for various reasons, including Iran’s actions supporting terrorism, violating human rights, and developing its nuclear program.⁴ Since 2006, sanctions have exponentially increased from both the United States and the European Union.⁵ In October 2012, Iran felt the effect of all the international sanctions imposed on the country when the Rial, Iran’s

¹ Aleksandar Dukic, *US Sanctions Against Iran*, HOGAN LOVELLS (Mar. 6, 2014), https://www.hoganlovells.com/~media/hogan-lovellis/pdf/publication/us-sanctions-against-iran_pdf.pdf.

² See *Timeline: Sanctions on Iran*, ALJAZEERA (Oct. 16, 2012), <http://www.aljazeera.com/news/middleeast/2012/10/20121016132757857588.html> (stating that in November 1979, the United States “impose[d] the first sanctions [on Iran] after Iranian Students stormed the US embassy and took diplomats hostage earlier in the year”).

³ See *id.* (stating that in December 2006, the United Nations Security Council imposed sanctions on Iran’s nuclear-related trade, and in March 2006, the European Union published an “expanded list of Iranian individuals and companies deemed persona non grata.”).

⁴ *Id.*

⁵ *Id.*

currency, lost approximately eighty percent of its value since 2011.⁶

In August 2013, Iran's new President, Hassan Rouhani, reopened negotiations regarding Iran's nuclear program with the permanent members of the United Nations Security Council, Germany, and the European Union.⁷ After almost two years of various talks and negotiations, on July 14, 2015, the permanent members of the United Nations Security Council, Germany, and the European Union, signed a comprehensive international agreement with Iran to "ensure that Iran's nuclear problem will be exclusively peaceful."⁸ Under the Iran Deal, also known as the Joint Comprehensive Plan of Action ("JCPOA"), all signatories have agreed to specific commitments if Iran is able to meet certain conditions.⁹ On October 18, 2015, the JCPOA officially became effective and participants were to begin "mak[ing] the necessary preparations for implementation of their JCPOA commitments."¹⁰ Among these commitments include the possibility of both the United States and the European Union lifting various Iranian sanctions that have been in place over decades.¹¹ If Iran does comply with all the restrictions under the JCPOA over the course of the next eight years, the European Union has agreed to lift nearly all economic sanctions that it has imposed on Iran, while the United States will lift some sanctions but will still restrict U.S. citizens from "engaging in activities involving Iran."¹²

Thus, in promulgating the JCPOA, the differences in sanction relief between the United States and the European Union will put U.S. businesses at a competitive disadvantage. Moreover, it will be difficult for U.S. companies to conduct business with Iranian companies considering Iran's lack of legal direction in regards to business transactions.¹³ The current sanctions the United States and the European Union have imposed on Iran are similar enough to discourage companies and individuals from finding loopholes in order to do business in Iran. However, if Iran complies with the JCPOA, by

⁶ *See id.*

⁷ *Timeline of Nuclear Diplomacy With Iran*, ARMS CONTROL ASS'N (Aug. 1, 2016), <https://www.armscontrol.org/factsheet/Timeline-of-Nuclear-Diplomacy-With-Iran>.

⁸ *Joint Comprehensive Plan of Action*, U.S. DEP'T OF STATE, <http://www.state.gov/e/eb/tfs/spi/iran/jcpoa/>. The five permanent members of the United Nations Security Council, also known as the P5, are China, France, Russia, the United Kingdom, and the United States. *See P5+1 Nations and Iran Reach Historic Nuclear Deal*, ARMS CONTROL ASS'N (July 14, 2015), <https://www.armscontrol.org/pressroom/press-release/2015-07-14/P5-Plus-1-Nations-and-Iran-Reach-Historic-Nuclear-Deal>.

⁹ *Joint Comprehensive Plan of Action*, U.S. DEP'T OF STATE, <http://www.state.gov/e/eb/tfs/spi/iran/jcpoa/>.

¹⁰ *Id.*

¹¹ *See id.*; *see also* THE WHITE HOUSE, *The Iran Nuclear Deal: What You Need to Know About the JCPOA*, https://obamawhitehouse.archives.gov/sites/default/files/docs/jcpoa_what_you_need_to_know.pdf (last visited Apr. 7, 2017).

¹² *See* James Killick, Richard Burke, et al., *Overview of Sanctions Relief in Nuclear Deal with Iran*, WHITE & CASE 7 (July 21, 2015), <http://www.whitecase.com/sites/whitecase/files/files/download/publications/overview-of-sanctions-relief-in-nuclear-deal-with-iran.pdf>.

¹³ *See id.* at 6–7.

lifting only certain sanctions and limiting economic activities in Iran, U.S. businesses will be at a competitive disadvantage to their European counterparts, which may encourage U.S. businesses to take their business abroad. By collaborating with the European Union, the United States would be able to not only keep business within the country, but the U.S. government will also be able to regulate and oversee economic relations with Iran and help mold the structure of the Iranian economy.

This Note defends the thesis that under the JCPOA, the United States and the European Union should collaborate and lift sanctions in congruence with each other. Part II argues that the history of sanctions and penalties imposed on Iran by the United States has been similar to the sanctions and penalties imposed on Iran by the European Union, allowing the United States and the European Union to successfully cooperate and regulate interstate business relations in Iran. By imposing parallel sanctions, neither U.S. nor European businesses were put at a disadvantage to their counterpart. Part III contends that if Iran does comply with the current Iran Deal under the JCPOA, U.S. businesses will be at an economic disadvantage because they will be unable to conduct business with Iran due to strict United States-only sanctions, while their European counterparts will be able to engage in new business opportunities with Iranian companies. Further, the U.S. government will also be at a disadvantage, as the government will want to understand the legal differences in business law in Iran, such as the differences in Iran's business civil code compared to the United States in order to successfully regulate interstate activity. Part IV argues that by allowing sanction relief similar to the European Union, the United States will not only offer U.S. businesses a global economic opportunity in a rich market, but the United States will also be able to coordinate with other countries on how to proactively deal with the complex legal issues of how to conduct business transactions in Iran. Finally, Part V further contends that lifting economic sanctions will help the United States influence the regulations of interstate transactions with Iran and help mold the Iranian economy as a whole.

II. FROM SANCTIONS TO THE JCPOA: A TIMELINE OF UNITED STATES' AND EUROPEAN UNION'S RELATIONSHIP WITH IRAN

The similarities between the United States' sanctions on Iran and the European Union's sanctions on Iran have successfully allowed the countries to cooperate and regulate business relations in Iran.¹⁴ Both the United States and the European Union have contended, "consistent multilateral sanctions are more effective than disparate or unilateral sanctions" and "the alignment

¹⁴ See Alan Larson, *Prospects for Doing Business With Iran*, NAT'L L. REV. (Apr. 9, 2015), <http://www.natlawreview.com/article/prospects-doing-business-iran>.

of [US] and European sanctions policy is what has brought Iran to the negotiating table.”¹⁵ In order to understand why international cooperation is necessary, one must first look at the history of U.S. and European Union sanctions imposed on Iran and what the JCPOA entails.

A. The History of U.S. and European Union Sanctions on Iran

The United States has implemented various sanctions on Iran since the Islamic Revolution in 1979, with more limiting sanctions implemented in 1995, 2005, and most recently, 2011.¹⁶ The first set of U.S. sanctions against Iran was imposed because of the 1979 hostage crisis at the U.S. embassy in Iran.¹⁷ The sanctions included a ban on oil imports from Iran, “blocking all \$12 billion in Iranian government assets in the United States . . . [and] an embargo on U.S. trade with Iran and travel to Iran.”¹⁸ Upon release of the U.S. hostages, embargoes were then lifted but later re-imposed because of Iran’s public stance on terrorism.¹⁹

In 1995, President Clinton imposed a “total trade and investment embargo in Iran” after an Iranian announcement of a \$1 billion contract between Iran and a U.S. oil company, Conoco.²⁰ In 1996, the Iran and Libya Sanctions Act (“ILSA”) was passed by the U.S. Congress to stop companies from investing in Iran’s main source of income, oil and gas.²¹ ILSA was the “first U.S. law to apply Iran sanctions to any person or any company anywhere in the world.”²² However, the ILSA was enacted not only to restrict United States-Iran relations, but it was also an effort to persuade foreign states to restrict their own relations with Iran.²³ For example, the ILSA requires the President to make a report to congressional committees every six months regarding “the efforts of the President to mount a multilateral campaign to persuade all countries to pressure Iran to cease its nuclear, chemical, biological,

¹⁵ *Id.*

¹⁶ Patrick Clawson, *U.S. Sanctions*, U.S. INST. PEACE: IRAN PRIMER, <http://iranprimer.usip.org/resource/us-sanctions> (last updated Aug., 2015).

¹⁷ *Id.* On November 4, 1979, the U.S. embassy in Iran was seized with more than fifty U.S. hostages by a group of Iranian students. The U.S. diplomats were held hostage for over 444 days, dominating U.S. media broadcasting. Office of the Historian, *A Short History of the Department of State: The Iranian Hostage Crisis*, U.S. DEP’T OF STATE, <https://history.state.gov/departmenthistory/short-history/iranian-crisis> (last visited Apr. 7, 2017). This international and highly publicized event led to the United States’ implementation of restrictive sanctions on Iran. See Clawson, *supra* note 16.

¹⁸ Clawson, *supra* note 16.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² Meredith Rathbone, et al., *Sanctions, Sanctions Everywhere: Forging a Path Through Complex Transnational Sanctions Laws*, 44 GEO. J. INT’L L. 1055, 1084 (2013) (citing Iran and Libya Sanctions Act of 1996 § 5, Pub. L. No. 104-172, 50 U.S.C. §1701 (1996 & Supp. III 1997) [hereinafter ILSA]).

²³ Clawson, *supra* note 16.

and missile weapons programs and its support of acts of international terrorism.”²⁴

The effects of passing ILSA were not nominal. Since ILSA passed, the United States has invoked harsh penalties on individuals and companies who have not complied with the sanctions, with “U.S. subsidiaries of foreign banks [paying] more than \$14 billion in penalties for violation of sanction regulations, mostly relating to transactions with Iran.”²⁵

At first, the international community criticized U.S. sanctions on Iran in the 1990s, stating that the sanctions were too “unilateral.”²⁶ However, in the 2000s there appears to be a change in the political atmosphere. In 2006, the United Nations Security Council adopted a Resolution asserting, “Iran shall without further delay suspend . . . all enrichment-related and reprocessing activities.”²⁷ In response to the United Nations Security Council’s resolution, the European Union imposed sanctions on Iran in 2007.²⁸ The European Union regulation explicitly states “in order to persuade Iran to comply with [the United Nation’s] mandatory decision [of suspending nuclear activity], the United Nations Security Council decided that all Member States of the United Nations should apply a number of restrictive measures.”²⁹ This supports the assertion that the United Nations Security Council recognized the necessity of taking a collaborative, multilateral approach in order to have Iran cooperate with and address international concerns regarding Iran’s nuclear programs. The European Council Regulation further asserted that the 2006 United Nations Security Council’s Resolution,

[P]rovides for certain restrictive measures against Iran . . . includ[ing] restrictions on exports and imports of goods and technology . . . a ban on the provision of related services, a ban on investment related to such goods . . . as well as the freezing of funds and economic resources of persons, entities and bodies engaged in, directly associated with or providing support for such activities and development. These measures fall with the scope of the Treaty establishing the European Community, and, therefore, notable by economic operators in all Member States, Community legislates is necessary in order to implement them as far as the Community is concerned . . . Member States should determine the penalties applicable to infringements of the pro-

²⁴ ILSA § 10(a), 50 U.S.C. §1701 (1996).

²⁵ Clawson, *supra* note 16.

²⁶ *Id.*

²⁷ S.C. Res. 1737, at 2 (Dec. 27, 2006).

²⁸ Clawson, *supra* note 16.

²⁹ Council Regulation 423/2007 of Apr. 19, 2006, Concerning Restrictive Measures Against Iran, annex, 2007 J.O. (L 103) 1, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:103:0001:0023:en:PDF>.

visions of this Regulation. The penalties provided for should be proportionate, effective and dissuasive.³⁰

The European Union's regulations, among other things, blocked transactions of European institutions with Iranian banks and restricted investments and commerce.³¹ The European Union recognized the importance of not only having its member-states comply and coordinate on providing effective sanctions against Iran, but the European Union also recognized the importance of international cooperation. Since 2007, the European Union "has been *as involved as* the United States in diplomatic efforts to secure [United Nation] sanctions on dual-use items useful for Iran's nuclear and missile programs."³²

In 2010, President Obama amended the ILSA, under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 ("CISADA"), expanding both what kind of Iranian activities were sanctioned and the list of permissible sanctions.³³ The CISADA enforces sanctions on a myriad of Iranian-related activities "includ[ing] mandatory banking sanctions targeted at foreign banks that knowingly facilitate: Iranian [Weapon of Mass Destruction] transactions; transactions related to Iran's support for terrorism . . . or significant transactions with Iranian-linked banks designated by the United States."³⁴ A plethora of financial activities may be prohibited under the CISADA as the United States has a broad definition of international terrorism.³⁵

Following the United States' footsteps, the European Union also imposed more sanctions on Iran in 2010.³⁶ The enhanced restrictions stood "alongside the existing US, UN and various national sanctions against Iran and the existing anti-terror and anti-money laundering legislation."³⁷ The European Union regulations require all fund transfers over 10,000 euros to be alerted "to the designated competent authorities of the Member States," and

³⁰ *Id.* See generally, S.C. Res. 1737, *supra* note 27.

³¹ Clawson, *supra* note 16.

³² *Id.* (emphasis added).

³³ BUREAU OF ECONOMIC, ENERGY AND BUSINESS AFFAIRS, U.S. DEP'T OF STATE, *Fact Sheet: Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA)* (May 23, 2011), <http://www.state.gov/e/eb/esc/iransanctions/docs/160710.htm>.

³⁴ *Id.*

³⁵ 18 U.S.C. § 2331(1) (2012); see also Foreign Intelligence Surveillance Act of 1978 ("FISA"), 50 U.S.C. § 1801(c) (2012) (defining international terrorism as actions that have occurred "totally" outside of the United States).

³⁶ Clawson, *supra* note 16.

³⁷ Tim Taylor, et al., *UK: Sanctions Against Iran – EU Regulation 961/2010*, MONDAQ, <http://www.mondaq.com/x/114214/EU+Law/Sanctions+Against+Iran+EU+Regulation+9612010> (last updated Nov. 1, 2010).

all fund transfers exceeding 40,000 euros need to file an application and receive prior authorization.³⁸ The European Union sanctions again show a multilateral approach: not only do the United States' Iranian sanctions and the European Union's Iranian sanctions parallel one another, but the European Union regulation requires Member States to comply and interact with one another, for example, by requiring Member States to notify each other when a fund transfer is rejected.³⁹ The amount of transparency and correspondence between the Member States of the European Union and between the European Union and the United States show how multilateral cooperation is needed to effectively limit Iran's foreign interactions.⁴⁰

The multilateral sanctions imposed on Iran proved effective. In 2013, newly elected Iranian President, Hassan Rouhani, appointed Mohammad Javad Zarif, who was previously "Iran's chief nuclear negotiator with the European Union," as Iran's foreign minister.⁴¹ Mohammad Zarif's appointment as Iran's foreign minister "signaled a renewed attempt to open communication with Washington and find some areas of accommodation."⁴² U.S. officials have conceded that U.S. sanctions, "which [the United States] imposed together with the international community, have exacted a major toll on Iran's economy . . . [t]he Iranian people — and its leadership — are desperate to see economic benefits of a deal."⁴³

The success of multilateral sanctions on Iran since the 1979 Islamic Revolution, coupled with the election of President Hassan Rouhani and appointment of Iran's Foreign Minister Mohammad Zarif, successfully led to Iran, the United States, and the European Union to the negotiation table, creating the JCPOA.

B. Details of the Joint Comprehensive Plan of Action

The multilateral cooperation between the United States and the European Union, among other countries, resulted in the passing of the JCPOA in 2015. The JCPOA "cuts off all of Iran's pathways to a nuclear weapon . . . [p]uts in place vigorous, intrusive, and unprecedented transparency measures that are necessary to verify that Iran cannot pursue a weapon [and] . . . [e]nsures sanctions can be snapped back into place if Iran violates a deal."⁴⁴

³⁸ Council Regulation 961/2010 of Oct. 25, 2010, Restrictive Measures Against Iran and Repealing Regulations (EC) No 423/2007, annex, 2010 J.O. (L 281) at 11; *see also* Taylor, et al., *supra* note 37.

³⁹ Council Regulation 961/2010, *supra* note 38, at 12 ("The Member States concerned shall inform the other Member states and the Commission when it rejects a request for authorisation").

⁴⁰ *Compare Fact Sheet: Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA)*, *supra* note 33 with Council Regulation 961/2010, *supra* note 38.

⁴¹ James Dobbins, *Engaging Iran*, U.S. INST. PEACE: IRAN PRIMER, <http://iranprimer.usip.org/resource/engaging-iran> (last updated Aug., 2015).

⁴² *Id.*

⁴³ THE WHITE HOUSE, *supra* note 11, at 4.

⁴⁴ *Id.*

If Iran cooperates with the restrictions and conditions of the JCPOA over the course of several years,⁴⁵ there will be an “Implementation Day,”⁴⁶ where Iran will be relieved from several sanctions, including U.S. Iranian sanctions and European Union Iranian sanctions.⁴⁷ Additional relief of the United States’ most severe sanctions imposed on Iran will “not occur until the [International Atomic Energy Agency (“IAEA”)] confirms that Iran has taken the key steps required to come into compliance with the agreement [JCPOA].”⁴⁸ However, any U.S. sanctions that were imposed on Iran for non-nuclear reasons, such as for terrorism, will “remain in effect and [will continue to] be vigorously enforced.”⁴⁹

Thus, even under the JCPOA, a myriad of the United States’ economic sanctions on Iran will continue to be imposed, preventing U.S. citizens and U.S. businesses from engaging in economic activity connected to Iran. For example, currently the United States’ Iranian sanctions do not allow financial institutions in the United States or the European Union to conduct business in Iran.⁵⁰ Even after Implementation Day under the JCPOA, U.S. citizens will continue to be restricted “from engaging in activities involving Iran,” limiting all non-U.S. citizens from including a U.S. citizen in business related to Iran.⁵¹ Additionally, non-U.S. businesses that are owned or controlled by a U.S. citizen will be subject to the same prohibition and will not be able to conduct any business with Iran.⁵² The United States Treasury Department, Office of Foreign Assets Control (“OFAC”) maintains many non-nuclear sanctions imposed on Iran, which after Implementation Day, will continue to prevent “the ability of [U.S.] companies, their foreign subsidiaries and joint ventures, and [U.S.] citizens or [U.S.] permanent residents . . . even if they

⁴⁵ *Id.* at 6, 15. Restrictions and conditions of the JCPOA include full access monitoring of Iran’s key declared nuclear facilities. “Not only will the IAEA have the right to a constant physical or technical presence in Iran’s primary nuclear sites, Natanz and Fordow, but it will be able to conduct regular monitoring of Iran’s uranium mines and mills and its centrifuge production, assembly, and storage facilities.” *Id.* at 15.

⁴⁶ *Id.* at 88. (“Implementation Day is the date on which, simultaneously with the IAEA report verifying implementation by Iran of the nuclear-related measures described in Sections 15.1 to 15.11 of Annex V, the EU and the United States takes the actions described in Sections 16 and 17 of Annex V”); see JCPOA, EUROPEAN UNION EXTERNAL ACTION SERVICE, *Annex V-Implementation Plan*, at 2–4, http://eeas.europa.eu/statements-eeas/docs/iran_agreement/annex_5_implementation_plan_en.pdf (describing what Iran needs to verify on Implementation Day in addition to what actions the United States and the European Union will take).

⁴⁷ See Killick, et al., *supra* note 12; see also THE WHITE HOUSE, *Key Excerpts of the Joint Comprehensive Plan of Action (JCPOA)*, at 3–4, https://www.whitehouse.gov/sites/default/files/docs/jcpoa_key_excerpts.pdf (last visited Mar. 9, 2016).

⁴⁸ THE WHITE HOUSE, *supra* note 11 at 27.

⁴⁹ *Id.*

⁵⁰ See, e.g., 31 C.F.R. § 560 (2014) (banning a myriad of interstate relations with Iran including importation, exportation, and new investment).

⁵¹ See Killick, et al., *supra* note 12.

⁵² See *id.*

are living and working outside the United States, from engaging in virtually *all activities* with or involving Iran or Iranian-origin goods or services.”⁵³

On the other hand, under the JCPOA, the European Union potentially will lift all nuclear-related Iranian sanctions.⁵⁴ However, in order to do so, the twenty-eight member states will need to give unanimous consent.⁵⁵ After Implementation Day, the European Union will still impose “certain limited human rights related asset freezes and trades restrictions” on Iran.⁵⁶ While these conditions appear similar to U.S. sanctions relief on Iran, the European Union’s Iranian sanctions are significantly more limited than the U.S. Iranian sanctions. For example, under the JCPOA, the European Union has agreed to, among other things, gradually lift sanctions related to “measures imposed on the financial, banking, and insurance industries.”⁵⁷ Therefore, the 2010 fund transfer controls, where transfers of as little as 10,000 euros required notice to authorities, would be repealed on Implementation Day.⁵⁸

This shows the disparate impact of the European Union’s Iranian sanction relief and the United States’ Iranian sanction relief. With the European Union’s Iranian sanction relief potentially allowing European businesses and financial institutions to begin working with Iranian businesses and financial institutions, the European Union and European businesses will be at an economic advantage over the United States and U.S. businesses, which will still be prevented from working with Iran and Iranian businesses.

III. THE UNITED STATES AND ITS BUSINESSES WILL SUFFER IF THE UNITED STATES DOES NOT LIFT IRANIAN SANCTIONS IN CONGRUENCE WITH THE EUROPEAN UNION’S LIFT ON IRANIAN SANCTIONS

If Iran complies with the JCPOA, U.S. businesses will be at an economic disadvantage because they will not be able to conduct business within Iran, unlike their European counterparts, who will be able to take advantage of Iran’s untapped economy. The potential lift of Iranian sanctions by the United States, the European Union, and other countries will impact Iran and global commerce in sectors such as “(1) oil, gas, petrochemical, (2) financial

⁵³ Dukic, *supra* note 1 (emphasis added).

⁵⁴ Zachary Laub, *International Sanctions on Iran*, COUNCIL ON FOREIGN RELATIONS, <http://www.cfr.org/iran/international-sanctions-iran/p20258> (last updated July 15, 2015).

⁵⁵ *Id.*

⁵⁶ Killick et al., *supra* note 12.

⁵⁷ *See id.*

⁵⁸ See Alexandre Lamy, et al., *European Union, United States, and Switzerland Move Forward on Sanctions Relief for Iran Following JCPOA’s Adoption Day*, GLOBAL COMPLIANCE NEWS (Oct. 27, 2015), <http://globalcompliancenes.com/european-union-united-states-and-switzerland-move-forward-on-sanctions-relief-for-iran-following-jcpoas-adoption-day/>; see also Council Regulation 961/2010 of Oct. 25, 2010, Restrictive Measures Against Iran and Repealing Regulations (EC) No 423/2007, annex, 2010 J.O. (L 281) at 11; Taylor, et al., *supra* note 37.

and banking, (3) automotive, (4) shipping, (5) gold and other precious metals, (6) graphite, raw or semi-finished metals, coal and software for integrating industrial processes, (7) insurance for the otherwise permitted activities, (8) commercial aircraft, and (9) food, medicine, and medical supplies.”⁵⁹ Under the JCPOA, U.S. citizens and U.S. businesses will only be able to directly engage in the commercial aircraft, food, medicine, and medical supply sectors.⁶⁰ On the other hand, European citizens and European businesses “will be free to engage in activities in all the above-mentioned sectors.”⁶¹ If the United States does not fully lift Iranian sanctions in congruence with the European Union sanction lift, “large multinational firms that have large, independent foreign offices may be the only ones who are capable of benefiting from [the Iran Deal].”⁶² European citizens and European businesses are able to “engage in commercial activities with Iran in key sectors, such as finance, banking, oil, gas, petrochemical, shipping, and automotive.”⁶³

By preventing U.S. citizens and U.S. businesses from directly working with Iran in a myriad of sectors, the United States risks losing the ability to closely regulate offshore activity of its citizens and businesses. With currently over \$100 billion of Iranian oil revenue sitting in foreign banks, it would be important for the United States to be able to regulate U.S. assets and provide opportunities for U.S. citizens so that U.S. businesses and U.S. citizens do not try to find illegal loopholes. For example, U.S. citizens or U.S. businesses may try and find a way to work with European companies and European banks to hide their activities in order to take advantage of the wealth of business opportunities the Iranian economy may provide.⁶⁴ One author suggests that the answer to dealing with U.S. economic sanctions on Iran “is to deal with Iran without using US dollars,”⁶⁵ meaning go around

⁵⁹ Maryam Dorcheh, *Legal Implications of the Iran Deal on U.S. and Foreign Business*, N.Y. L.J. (Sept. 21, 2015), <http://www.newyorklawjournal.com/id=1202737635563/Legal-Implications-of-the-Iran-Deal-on-US-and-Foreign-Businesses?slreturn=20150906050852>.

⁶⁰ *Id.*; see, e.g., Kathryn Anderson, et al., *OFAC Adds Additional Items to List of Medical Supplies Eligible for Export/Reexport to Iran*, LEXOLOGY (Nov. 5, 2015) <http://www.lexology.com/library/detail.aspx?g=4078c46b-fb24-4f1a-9dc5-c933b8da07b7> (noting that the United States Treasury Department’s Office of Foreign Assets Control (OFAC) have added a myriad of medical supplies to the lists “eligible for the export or re-export to Iran under the general license . . . of the Iranian Transactions and Sanctions Regulation (ITSR),” including “items related to cardiology, obstetrics and maternity car, and radiology.”).

⁶¹ Dorcheh, *supra* note 59.

⁶² *Id.*

⁶³ *Id.*

⁶⁴ Barbara Slavin, *US Options for Sanctions Relief on Iran*, ALMONITOR (June 16, 2014), <http://www.al-monitor.com/pulse/originals/2014/06/iran-sanctions-expiration-2016-penalty-legislation-obama.html#>.

⁶⁵ Martin Arnold, et al., *Post-deal Iran an Opportunity But Legal Minefield Too*, FINANCIAL TIMES (July 19, 2015), <http://www.ft.com/intl/cms/s/0/dc76399e-2aff-11e5-8613-e7aedbb7bdb7.html#axzz3nlhDesoC> (internal quotations omitted).

U.S. sanctions on Iran by working with European and other foreign companies. While the United States has implemented certain measures to ensure that U.S. citizens and U.S. businesses comply with economic sanctions, it is still relatively difficult to regulate and track every transaction, especially transactions that do not involve U.S. financial institutions or U.S. currency.⁶⁶

Moreover, by imposing restrictions on U.S. businesses and U.S. citizens from interacting with Iranian citizens and Iranian businesses, there may be a larger, more global, ripple effect. One possibility is that the United States may be prohibiting U.S. businesses and U.S. citizens from being included in European business opportunities and European companies that may want to do business with Iran. If a European company wants to do business with Iran, there cannot be any U.S. parent company or U.S. citizen involved in the business.⁶⁷ Thus, not only is the United States prohibiting U.S. businesses and U.S. citizens from conducting business in Iran, but it is also deterring European companies from interacting with U.S. businesses or U.S. citizens if the European companies decide that they want to conduct business with Iran. Outlawing all Iran-related activity may potentially harm a plethora of multilateral transactions and may encourage non-U.S. investors to stay away from U.S. involvement in an array of their transactions that may be Iran-related.⁶⁸

Cornelius Adebahr, an associate at the Carnegie Endowment for International Peace, stated, “it is crucial that any sanction relief are synchronized between the [European Union] and the [United States] because of the way in which the penalties are intertwined and have reinforced each other.”⁶⁹ The more that Iranian sanction relief becomes disparate between the United States and the European Union, moving away from the successful multilateral approach that brought Iran to the negotiating table in the first place, the more the United States risks losing control in Iranian-based activity in addition to hurting its own citizens and businesses. The United States will want to prevent the ripple effect that may result if the European Union lifts Iranian economic sanctions while the United States continues to impose Iranian economic sanctions. One way for the United States to prevent this from happening is by coordinating parallel sanction relief with the European Union, benefitting both parties.

⁶⁶ *Id.* (stating that “local banks have been leaned on by US clearing banks to drop customers who may be dealing with Iran—and the cost of compliance *may* make it unprofitable to serve these customers.”) (emphasis added) (internal quotations omitted).

⁶⁷ Dorcheh, *supra* note 59.

⁶⁸ Arnold, et al., *supra* note 65.

⁶⁹ Slavin, *supra* note 64.

IV. COORDINATION BETWEEN THE UNITED STATES AND THE EUROPEAN UNION IN IRAN SANCTION RELIEF WILL ASSIST COMPREHENSION IN IRAN'S BUSINESS LAWS AND CONFLICTS IN LAW THAT MAY ARISE, ALLOWING U.S. BUSINESSES TO MAKE INFORMED ECONOMIC DECISIONS

Instead of running into a myriad of problems that may result if the United States and the European Union offer disparate Iranian sanction relief, if the United States and the European Union took a multilateral approach and offered parallel sanction relief to Iran, a plethora of benefits would result. By allowing similar economic sanction relief to the European Union, the United States will not only be able to help U.S. businesses gain access to economic opportunities in Iran, but the United States will also be able to coordinate with other countries on how to deal with the legal issues of doing business transactions in Iran.

Even if all U.S. economic sanctions on Iran were lifted, there is a concern about conflict between business law in the United States and business law in Iran.⁷⁰ Foreign investment in Iran, whether from European or U.S. businesses, will depend “to a great extent on the development and modification of the existing legal infrastructure to support an attractive and enabling investment environment.”⁷¹ If the United States wants to be able to understand how Iranian businesses operate, the United States should not focus on continuing economic sanctions against Iran, and instead, the United States should focus on understanding the problems that may arise when working with an Iranian entity in a cross-border transaction. For example, Iran “has not adopted many of the global bank accounting and anti-money laundering standards,” which may pose a significant problem for any foreign business or foreign citizen that wants to conduct business and needs to interact with Iranian banks.⁷²

Another example is that a common practice in Iran is to conceal who is making payments to banks.⁷³ In the United States, concealing identity would likely be subject to fines or prosecution for deceptive financial practices.⁷⁴ Even if U.S. economic sanctions on Iran are lifted, there remains a question of how U.S. businesses will interact with Iranian financial institutions, whose practices would be subject to fines or prosecution for deceptive financial practices.⁷⁵ Thus, instead of worrying about continuing to impose sanctions on Iran, the United States should try and focus on how to communicate with Iranian financial institutions on various financial practices that would help

⁷⁰ Arnold, et al., *supra* note 65.

⁷¹ Babak Namazi, *The Legal Aspects of Doing Business in Iran*, 19 INT'L FIN. L. REV. 23, 27 (2000).

⁷² Arnold, et al., *supra* note 65.

⁷³ Patrick Clawson, *supra* note 16.

⁷⁴ *Id.*

⁷⁵ *Id.*

Iranian financial institutions assimilate to accepted international practices. This would provide for more fluid, transparent cross-border transactions, whether the transaction is between European businesses and Iran, between U.S. businesses and Iran, or in a more likely situation, a transaction where a U.S. business, a European business, and an Iranian business are all involved. Regardless of the situation, by understanding the details of Iranian financial practices and how they correlate with U.S. financial practices, the United States would be more informed and would be able to better regulate and control Iranian-related transactions.

Iran has been taking steps to begin assimilating their economy with international practices in preparation for the possibility of economic sanction relief. Recently, the Iranian government has decided to issue Islamic Treasury Bills, a “version of short-term sovereign debt . . . in an attempt to provide a fresh fiscal stimulus.”⁷⁶ Not only will this help Iran’s economy and increase Iran’s money supply, but the issuance of these treasury bills is argued to be the “first step towards reviving financial relations with the world and seeing if foreigners and the Iranian expatriate community trust this market after the [JCPOA] nuclear deal.”⁷⁷ However, these Islamic Treasury Bills are amongst the developing Islamic money market instruments that practitioners have argued need prudent management.⁷⁸

Practitioners suggest that Islamic banks, which include Iranian banks,⁷⁹ need to “engage in a mutually educational dialogue with Central Banks around the world . . . as well as international institutions such as the [International Monetary Fund]” in order to “reach a common understanding that LARIBA banking complements the existing financial institutions, and that it will provide additional stability to the financial system.”⁸⁰ Thus, the United States would want to engage in discussions with Iranian banks in order to understand the effects of Islamic Treasury Bills and whether these bills complement U.S. financial institutions and their practices.

Additionally, there are already laws in place in Iran to protect foreign direct investment because of international sanctions; however, the laws protecting foreign direct investment have not been recently exercised.⁸¹ Thus,

⁷⁶ Najmeh Nozormehr & Martin Arnold, *Iran to Test Investor Confidence with Debt Issue*, FIN. TIMES (Sept. 27, 2015), <http://www.ft.com/cms/s/0/a432dd30-6510-11e5-9846-de406ccb37f2.html#axzz3nlhDesoC>.

⁷⁷ *Id.*

⁷⁸ Yahiya Abdul-Rahman, *Managing Liquidity*, LARIBA: AM. FIN. HOUSE, <https://www.lariba.com/knowledge-center/articles/managing-liquidity.htm> (last visited Nov. 19, 2015).

⁷⁹ *The Lariba Model*, LARIBA: AM. FIN. HOUSE, <https://www.lariba.com/site/model.html> (last visited Feb. 16, 2016) (stating that LARIBA is a financial institution that uses a unique “LARIBA” financing model which is offered to “comply [with] both the Islamic Shariaa [sic] and the strict United States government laws and regulations”).

⁸⁰ Abdul-Rahman, *supra* note 78.

⁸¹ See Asa Fitch & Nicolas Parasie, *Western Companies See Potential in Reaching Iran’s Consumers*

both the European Union and the United States need to see if the Iranian laws in place would still protect foreign direct investment. If sanctions on Iran are lifted, Iran will be able to reconnect to the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”), which “facilitates the bulk of the world’s cross-border payments.”⁸² Over the past three years, approximately twenty-eight Iranian banks have been blocked from SWIFT’s services, which has prevented businesses and individuals from moving money in and out of Iran.⁸³ With businesses and individuals regaining access to SWIFT’s services, it would be even more difficult to stop European business and European individuals from gaining an economic advantage over U.S. businesses and U.S. citizens, who will be prevented from transacting with Iran.

The conflict between U.S. law and Iranian law or the fear that there are irreconcilable differences between the two laws should not be a reason that prevents the United States from lifting economic sanctions on Iran. There is a myriad of ways that unique Iranian law may be dealt with and regulated in international transactions. For example, Iran may be able to get involved in international business treaties in order to help with business transactions, such as the United Nations Convention on Contracts for the International Sale of Goods (“CISG”).⁸⁴ The CISG can potentially govern all sales of goods cross-border contracts, which would include the import or export of items such as medicine, oil, food, technology, and machines. If a cross-border contract is governed by the CISG, the CISG “trumps the domestic law regulation of a deal in whole or in part.”⁸⁵ Thus, if a U.S. business and an Iranian business decide to engage in a contract to export oil from Iran, assuming both countries have opted into the CISG and the parties have not contracted out of the CISG, the laws of the CISG would overrule any Iranian regulation on the export of oil.⁸⁶

The United States should not decide to isolate itself by imposing unilateral economic sanctions on Iran but instead should allow itself to be involved in multilateral discussions regarding the international community’s approach to cross-border transactions with Iran. By continuing economic sanctions in

After Nuclear Deal, WALL ST. J. (Apr. 6, 2015), <http://www.wsj.com/articles/western-companies-see-potential-in-reaching-irans-consumers-after-nuclear-deal-1428313107>.

⁸² See Arnold, et al., *supra* note 65; Larson, *supra* note 14 (“If Iran is thoughtful and has more ambitious economic objectives, it will realize that fundamental reforms in its domestic laws and institutions will be required to capture the gains potentially available from sanctions relief.”).

⁸³ See Arnold, et al., *supra* note 65.

⁸⁴ See Kenneth Randall & John Norris, *A New Paradigm for International Business Transactions*, 71 WASH. U. L. REV. 599, 612–14 (1993).

⁸⁵ *Id.* at 614.

⁸⁶ *Id.* at 614. *But see id.* at 618–19 (stating that “[a]s a nation’s interest in having its own law applied within its own borders grows stronger, its willingness to bow to international norms lessens. Resolving such conflict between municipal and international law is destined to be a key focus of subsequent international legislation”).

Iran when countries like the European Union have lifted all economic sanctions in Iran, the United States is simply impeding its own ability to approach the issues that will come with understanding Iranian business laws and procedure. U.S. businesses will be at an economic disadvantage and will be less informed in comparison to their European counterparts if the United States decides later to lift economic sanctions in Iran. Thus the United States and U.S. businesses would be better off if the United States lifts Iranian economic sanctions in congruence with the European Union, in order to balance economic opportunity and better understand the intricacies of a fruitful, yet complex Iranian economy. By lifting the same Iranian sanctions as the European Union, the United States would not only be able to gain access to a fruitful economy, but it would also be able to directly influence the structure of interstate transactions with Iran.

V. RELIEVING U.S.–IRANIAN SANCTIONS WILL ALLOW THE UNITED STATES TO INFLUENCE THE STRUCTURE OF IRAN INTERSTATE TRANSACTIONS AND MOLD IRAN’S ECONOMY AS A WHOLE

The United States should note that “Iran [may be] the largest and most important economy . . . that is still closed to institutional investors,” a country comprised of over 78 million educated people.⁸⁷ Reducing sanctions would “open up this untapped market, one of the few untapped markets on the planet, to foreign investors. There will be huge interest. . . . [I]f there is a deal there will be a huge inflow of investment into Iran.”⁸⁸ By lifting sanctions in congruence with the European Union, the United States would not only be helping U.S. businesses but would also be able to help create the infrastructure of Iranian cross-border business transactions and mold the Iranian economy as a whole.⁸⁹ By influencing the structure of cross-border transactions with Iran, the United States could help prevent any concerns they may have regarding human rights violations or particular informalities. The more involved the United States is with the structural development of Iran’s untapped economy, the more the United States will be able to encourage a sound system that compliments the structure of the U.S. economy.

The United States has conceded that Iran’s economy needs drastic assistance, stating, “Iran needs about [\$500 billion] to meet pressing investment needs . . . [I]ran also needs about \$100 billion to satisfy pressing government obligations . . . [I]ran will need to keep most of [the frozen \$100 billion reserves] overseas to facilitate foreign trade and avoid making currency too

⁸⁷ Charles Robertson & Daniel Salter, *Thoughts from a Renaissance Man: Iran—The Next 10 Years*, RENAISSANCE CAPITAL I (July 13, 2015), <https://research.rencap.com/eng/download.asp?id=20873>.

⁸⁸ Jason Gewirtz, *Iran Stocks are Booming, and Nuclear Talks are Why*, CNBC (Feb. 21, 2014), <http://www.cnbc.com/2014/02/21/iran-sanctions-and-markets-stocks-booming-economy-rising.html>.

⁸⁹ See Dorcheh, *supra* note 59.

expensive.”⁹⁰ Iran’s economy is in desperate need of foreign investment. When a country is more interested in receiving foreign assistance and less interested in asserting its own law, the country is more likely to comply with foreign and international influence.⁹¹ Thus, with Iran’s economy in need of assistance, this is a crucial time for the United States to gain access to the Iranian markets and mold Iran’s economy.

The United States has no incentive to maintain sanctions different from the European Union after Implementation Day. The Iranian economy is currently controlled by government-controlled agencies and businesses. One financial institution advises foreign investors to be careful of Iranian companies that are deemed private because many Iranian private companies “remain largely owned by quasi-government funds (e.g. the social security fund and civil service pension fund) or the Revolutionary Guard.”⁹² By imposing economic sanctions on Iran, the United States is taking away the power and control of the Iranian people, not the authoritarian Iranian government. In fact, the United States fails to explicate a clear reason as to why the U.S.–Iranian economic sanctions will remain in place after JCPOA’s Implementation Day, except that the continued sanctions are to condemn Iran’s involvement in terrorism and human rights violations.⁹³ However, White House officials have stated that “[i]t is important to note that Iran’s ability to support terrorism relies less on monetary funds, and more on military and other political influence since terrorism and Iran’s other malign regional activities are . . . not expensive.”⁹⁴ Thus, there is a question of why economic sanctions need to remain in place, as “sanctions undermine the well-being of the civilian population which actors who are part of or close to the ruling system find ways to accommodate themselves to the sanctions regime, even cementing their own position of power. As a result, the power gap between the state and society widens.”⁹⁵

If the United States relieved economic sanctions imposed on Iran like their European counterparts, the United States would be giving private businesses, businesses that are not funded by the Iranian government, access to Iran’s economy, which would in turn promote Iranian private business activity. Sanctions have caused “stagnation for the private sector, while some businessmen point out that companies affiliated with the state [of Iran] are

⁹⁰ THE WHITE HOUSE, *supra* note 11, at 25.

⁹¹ See Randall & Norris, *supra* note 84, at 618–19.

⁹² Charles Robertson & Daniel Salter, *Thoughts from a Renaissance Man: Iran: A New Hope*, RENAISSANCE CAPITAL I (Mar. 11, 2014), <https://research.rencap.com/eng/download.asp?id=17442>.

⁹³ THE WHITE HOUSE, *supra* note 11, at 24 (stating that “regardless of whether or not there is a deal, [the United States] will maintain and continue to aggressively enforce [United States] sanctions against Iran’s support for terrorism, human rights abuses, and destabilizing activities in the region”).

⁹⁴ *Id.* at 25 (“The constraints on greater Iranian activities in the region are primarily non-financial—and [the United States] will continue to raise the costs to Iran of [Iran’s malign] activities.”).

⁹⁵ Ali Fathollah-Nejad, *Why Sanctions Against Iran are Counterproductive: Conflict Resolution and State-Society Relations*, 69 INT’L J. 48, 60 (2014).

exploiting the situation [of stagnation] as they have access to government exchange rates.”⁹⁶ By empowering the activity of private businesses through lifting Iranian economic sanctions, the United States would be able to regulate and control economic activity alongside the Iranian entrepreneurs and thus encourage a more capitalistic environment.⁹⁷ Imposing more sanctions on Iran only “enhance[s] the role of the state for the provision of public services and even basic goods, and as such contribute[s] to a more centralized state.”⁹⁸ In fact, imposing strict economic measures has been proven to “prolong rather than shorten the rule of leaders in authoritarian states, which sanctions often having a stabilizing effect on such rule.”⁹⁹ Thus, if the United States is maintaining Iranian economic sanctions because of Iran’s human rights violations, the United States may actually be impeding the potential for change in Iran’s political control. If U.S. economic sanctions on Iran do not assist in preventing Iran’s human rights violations and terrorism activities, then the only effect the U.S. economic sanctions on Iran may be harming Iranian citizens and U.S. business opportunities.

It is important to note that there are stipulated costs if the United States does lift all economic sanctions with Iran. For example, the multilateral sanctions against Iran have been a way for the United States and the European Union “to demonstrate a unified purpose . . . of their concerns about Iran’s nuclear intentions and support for violent non-state actors such as Hezbollah and Hamas, without going to war.”¹⁰⁰ Additionally, economic sanctions against Iran have “reassured friendly states in the [Middle East] that the United States understands their security needs.”¹⁰¹ Moreover, with a global concern of Iran’s governmental regime, strict economic sanctions on Iran have put the Iranian government “in a corner . . . [with] only two choices: cease its nuclear program, or face more isolation and economic disaster that could potentially lead to social unrest and even a fundamental political change in the country.”¹⁰² The cost of imposing economic sanctions on Iran

⁹⁶ See, *Killing Them Softly: The Stark Impact of Sanctions on the Lives of Ordinary Iranians*, INTERNATIONAL CIVIL SOCIETY ACTION NETWORK 3 (July, 2012), <http://www.icanpeacework.org/wp-content/uploads/2013/04/WWS-Iran-Killing-Them-Softly-2013-Edit.pdf>.

⁹⁷ Fathollah-Nejad, *supra* note 95; see Hugh Fraser, *Gearing Up for Iran’s Return to the Oil and Gas Market*, NAT’L L. REV. (Aug. 26, 2015) <http://www.natlawreview.com/article/gearing-iran-s-return-to-oil-and-gas-market> (“Iran’s road to economic recovery therefore requires a huge influx of foreign investment.”).

⁹⁸ Fathollah-Nejad, *supra* note 95, at 55.

⁹⁹ *Id.* at 60.

¹⁰⁰ Hamid Biglari, et al., *Weighing Benefits and Costs of International Sanctions Against Iran: A paper from the Iran Project*, PUBLIC AFFAIRS ALLIANCE OF IRANIAN AMERICANS 12 (2012), <https://www.scribd.com/document/115681047/IranReport2-120312-ExSummary>.

¹⁰¹ *Id.*

¹⁰² Saeed Ghasseminejad & Nathan Careleton, *Iran Sanctions: They work, so keep them*, CNBC (July 30, 2013), <http://www.cnbc.com/id/100924712>.

are undermined when only the United States will continue to impose economic sanctions while the European Union has agreed to potentially lift economic sanctions under the JCPOA.¹⁰³ Without a multilateral approach, imposing economic sanctions on Iran will likely do more harm to U.S. businesses than to the Iranian economy, which will have new access to the European market.

Moreover, the Iranian economy shows promise, and appears to be a worthwhile investment for the United States to partake in its emergence. Iranian consumers are quite attractive, as most have very little to no debt.¹⁰⁴ One report states that Iran “is a young nation with 67% of its 80 million population under [thirty-five years old] and 42% under [twenty-four years old], meaning both great potential for talent and a huge consumer population.”¹⁰⁵ However, the youth “suffer disproportionately from sanctions,” as individuals between the ages of fifteen and twenty-nine years old account for 70% of general unemployment.¹⁰⁶ By relieving Iranian economic sanctions, the United States will be able to help develop and mold Iran’s growing economy and reach out to Iran’s youthful citizens. The Iranian economy is in need of “much better management, greater transparency, and accountability,” all of which come from within the country.¹⁰⁷ However, Iran is the only country in 2012–2013 that “exported every single category of exports as defined by the IMF,” showing how diversified the Iranian economy is.¹⁰⁸ An “important signpost for companies interested in doing business in Iran will be whether Iran begins to demonstrate strong interest in making significant domestic reforms,” as many Iranian sectors that make up the Iranian economy have been barred from global developments.¹⁰⁹ These facts illustrate that Iran has potential to be resourceful to the international community, with a young educated population, an abundance of resources, and untapped markets. However, Iran needs structure and reform in order to utilize these resources, which provides an opportunity for the United States to get involved.

If the United States lifts the economic sanctions on Iran, the economic benefits for both the United States and Iran could be materially altering. One study summarized the economic benefits of United States–Iran cooperation stating:

[T]he United States and Iran would both benefit from a termination of

¹⁰³ See Killick et al., *supra* note 12; see also Alexandre Lamy, *supra* note 58.

¹⁰⁴ Asa Fitch & Nicolas Parasie, *Western Companies See Potential in Reaching Iran’s Consumers After Nuclear Deal*, THE WALL ST. J. (Apr. 6, 2015), <http://www.wsj.com/articles/western-companies-see-potential-in-reaching-irans-consumers-after-nuclear-deal-1428313107>; see Fraser, *supra* note 97.

¹⁰⁵ Fraser, *supra* note 97.

¹⁰⁶ Ali Fathollah-Nejad, *supra* note 95, at 58 (2014); see *Killing Them Softly*, *supra* note 96, at 2.

¹⁰⁷ Interview by Toni Johnson with Dr. Hassan Hakimian, Director, London Middle East Institute (May 23, 2012), <http://www.cfr.org/iran/sanctions-affect-irans-economy/p28329>.

¹⁰⁸ Robertson & Salter, *supra* note 87, at 6.

¹⁰⁹ Larson, *supra* note 82.

American economic sanctions. Iran offers a lucrative target for US investment, particularly in the oil and natural gas sectors; and the Iranian economy would significantly benefit from the added capital such investments would provide. American companies would be able to compete with foreign firms for profitable business opportunities, including sizeable infrastructure and transportation projects, while US competition would constrain the growing Chinese influence in Iran's domestic oil industry. Further, many Iranian businessmen would like to buy American technology instead of less-sophisticated European and Chinese alternatives. . . . The long-term development of Iran's natural gas infrastructure, with the help of American technology and capital, would also stimulate global economic growth by providing cheap, environmentally-friendly energy.¹¹⁰

Thus, the benefits of the United States lifting economic sanctions appear to outweigh the costs of the United States continuing economic sanctions on Iran when the European Union will be lifting sanctions on Iran and gaining access to an untapped Iranian economy.

VI. CONCLUSION

The United States and Iran have gone through a long political history, at times working with each other and other times working against each other. Over the past few decades, Iran has been isolated from the international community. The coordination of U.S. and European Union sanctions on Iran brought Iran to the negotiation table and helped create the JCPOA. Under the JCPOA, Iran has a long trek of cooperation and transparency in order to get any foreign sanctions relieved. However, if Iran does comply with all conditions of the JCPOA, the United States and the European Union have agreed to disparate sanctions relief with Iran.¹¹¹ While the European Union will allow European citizens and European businesses to engage in transactions with Iran, the United States will continue to impose sanctions on Iran, preventing U.S. citizens and U.S. businesses from engaging in any Iranian-related activity. This Note has argued that the United States should bring its sanctions relief in line with the European Union's sanction relief. By doing so, the United States would avoid disadvantaging U.S. businesses and U.S. citizens as compared to their European Union counterparts. Additionally, this would give the United States the opportunity to help shape the Iranian economy, potentially pushing it to become more capitalist and adopt international finance standards. This could have a side effect of reducing state power in Iran, helping to reduce human rights abuses in Iran.

¹¹⁰ Douglas M. Johnston & Ahmad Iravani, *Iran and the United States: The Case for a Cooperative Relationship*, INT'L CTR. FOR RELIGION & DIPLOMACY (May 25, 2006), <http://icrd.org/rp33>.

¹¹¹ See Killick et al., *supra* note 54; see also Alexandre Lamy, et al., *supra* note 58.