

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: SM 1422

INTRODUCER: Senator Abruzzo

SUBJECT: Iran/Economic Sanctions

DATE: March 30, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Sanders</u>	<u>Ryon</u>	<u>MS</u>	<u>Favorable</u>
2.	<u>Peacock</u>	<u>McVaney</u>	<u>GO</u>	<u>Pre-meeting</u>
3.	_____	_____	<u>RC</u>	_____

I. Summary:

SM 1422 urges Congress and the President of the United States to pass and enact new economic sanctions against Iran should that nation be found to be in violation of the Joint Plan of Action (JPOA) or fail to reach an acceptable agreement by the dates set forth in the November 2014 extension of the JPOA.

II. Present Situation:

In a 2006 resolution, the United Nations Security Council¹ (Security Council) noted with serious concern that Iran's nuclear program could have a military nuclear dimension.² The Security Council also noted that the International Atomic Energy Agency³ (IAEA) has been unable to conclude that there are no undeclared nuclear materials or activities in Iran.⁴ Since then the Security Council has published eight additional resolutions determining that Iran's proliferation of weapons of mass destruction, as well as their means of delivery, continued to constitute a threat to international peace and security.⁵

¹ The United Nations Security Council has primary responsibility for the maintenance of international peace and security. The council also takes the lead in determining the existence of a threat to the peace or act of aggression. The Security Council is composed of five permanent members (China, France, Russia, the United Kingdom, and the United States) and 10 non-permanent members elected for two-year terms by the General Assembly of the United Nations.

² United Nations Security Council, *Resolution 1696*, 1 (2006), [http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1696\(2006\)](http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1696(2006)) (last visited March 19, 2015).

³ The International Atomic Energy Agency (IAEA) was established in 1957 as the world's center for cooperation in the nuclear field, the IAEA works with its Member States and multiple partners worldwide to promote the safe, secure and peaceful use of nuclear technologies. <https://www.iaea.org/>.

⁴ United Nations Security Council, *Resolution 1696*, 1 (2006), [http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1696\(2006\)](http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1696(2006)) (last visited March 19, 2015).

⁵ United Nations Security Council, *Resolution 2159*, 1 (2014), [http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2159%20\(2014\)](http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2159%20(2014)) (last visited March 19, 2015).

In an effort to perpetuate diplomatic negotiations, the five permanent members of the Security Council (known as the P5) in partnership with Germany convened to negotiate an agreement with Iran to prevent the development of nuclear weapons in Iran. An initial agreement was reached in November 2013 that outlined measures to be taken by all parties within a six month time frame. This initial agreement called for the P5+1⁶ and Iran to also finalize within six months a mutually-agreed upon long-term comprehensive solution that would ensure Iran's nuclear program will be exclusively peaceful.⁷

Joint Plan of Action

On November 24, 2013, the P5+1 and Iran formalized their agreement by signing the Joint Plan of Action (JPOA). The JPOA is an interim agreement and is the first step towards a long-term solution to stop the advance of Iran's nuclear program. Both the P5+1 and Iran are held to a series of voluntary measures for a duration of six months with the option to extend the JPOA, if necessary.⁸ The JPOA has since been renewed and extended twice, first on July 19, 2014, and again on November 24, 2014.⁹

Voluntary Measures Committed to by Iran

As part of the JPOA, Iran agreed to implement the following measures beginning January 20, 2014:¹⁰

- Halt production of enriched uranium¹¹ and disable the centrifuges¹² used to produce the material;
- Dilute and reduce the enriched uranium stockpile;
- Limit safeguarded research and development;
- Provide access for the International Atomic Energy Association (IAEA) to verify compliance on the technical understandings of the JPOA;
- Be transparent about its nuclear program by allowing access to its facilities, equipment, surveillance information, and other infrastructure; and
- Permit IAEA inspectors to conduct scheduled and unannounced inspections.¹³

⁶ Germany is recognized as an additional partner (“+1”) for the P5 in diplomatic negotiations with Iran.

⁷ European Union, European External Action Service, *Joint Plan of Action* (2013).
http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf (last visited March 19, 2015).

⁸ *Id.*

⁹ United States Department of the Treasury, Office of Foreign Assets Control, *Frequently Asked Questions Relating to the Extension of Temporary Sanctions Relief through June 30, 2015, to Implement the Joint Plan of Action between the P5 + 1 and the Islamic Republic of Iran*, http://www.treasury.gov/resource-center/sanctions/Programs/Documents/jpoa_ext_faq_11252014.pdf (last visited March 19, 2015).

¹⁰ The White House, Office of the Press Secretary, *Summary of Technical Understandings Related to the Implementation of the Joint Plan of Action on the Islamic Republic of Iran's Nuclear Program*, <https://www.whitehouse.gov/the-press-office/2014/01/16/summary-technical-understandings-related-implementation-joint-plan-actio> (last visited March 19, 2015).

¹¹ Uranium enrichment is one of the key steps in building nuclear weapons.

¹² A centrifuge is a device that applies rotational force to a material in order to separate particles by density. The widest use of centrifuges is for the concentration and purification of materials. See Centrifuge. In *Encyclopedia Britannica*.
<http://www.britannica.com/EBchecked/topic/102850/centrifuge> (last visited March 19, 2015).

¹³ The White House, Office of the Press Secretary, *Summary of Technical Understandings Related to the Implementation of the Joint Plan of Action on the Islamic Republic of Iran's Nuclear Program*, <https://www.whitehouse.gov/the-press-office/2014/01/16/summary-technical-understandings-related-implementation-joint-plan-actio> (last visited March 19, 2015).

Voluntary Measures Committed to by the P5+1

In order to continue negotiations, the P5+1 agreed to temporarily suspend the following sanctions involving Iran's:

- Purchase and sale of gold and other precious metals;
- Export of petrochemical products;
- Automotive industry; and
- Certain associated services regarding each of the foregoing.¹⁴

Additionally, the P5+1 committed to:

- Establish financial channels to facilitate Iran's import of certain humanitarian goods to Iran;
- Payment of medical expenses incurred by Iranians abroad;
- Payment of Iran's UN obligations;
- Payment of \$400 million in governmental tuition assistance for Iranian students studying abroad;
- License certain transactions related to the safety of Iran's civil aviation industry;
- Pause efforts to further reduce Iran's crude oil exports; and
- Enable Iran to access \$4.2 billion in Restricted Funds.¹⁵

These voluntary measures may be revoked at any time should Iran fail to comply with the JPOA.¹⁶

International Atomic Energy Association

The International Atomic Energy Association (IAEA) is designated by the United Nations' Treaty on the Non-Proliferation of Nuclear Weapons (NPT)¹⁷ as the authority responsible for the implementation of a safeguards system intended to prevent the diversion of nuclear material for weapons use.¹⁸ The IAEA has been the authority on nuclear inspections since the inception of the NPT in 1968.

¹⁴ United States Department of the Treasury, Office of Foreign Assets Control, *Frequently Asked Questions Relating to the Extension of Temporary Sanctions Relief through June 30, 2015, to Implement the Joint Plan of Action between the P5 + 1 and the Islamic Republic of Iran*, http://www.treasury.gov/resource-center/sanctions/Programs/Documents/jpoa_ext_faq_11252014.pdf (last visited March 19, 2015).

¹⁵ The term "Restricted Funds" refers to: any existing and future revenues from the sale of Iranian petroleum or petroleum products, wherever they may be held, and any Central Bank of Iran (CBI) funds, with certain exceptions for non-petroleum CBI funds held at a foreign country's central bank.

¹⁶ European Union, European External Action Service, *Joint Plan of Action* (2013).

http://eeas.europa.eu/statements/docs/2013/131124_03_en.pdf (last visited March 19, 2015).

¹⁷ The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is a binding, multilateral treaty to the goal of preventing the spread of nuclear weapons and weapons technology, to promote cooperation in the peaceful uses of nuclear energy and to achieve nuclear disarmament and general and complete disarmament. More countries have ratified the NPT than any other arms limitation and disarmament agreement. See <https://www.iaea.org/publications/documents/treaties/npt> (last visited March 19, 2015).

¹⁸ United National Office for Disarmament Affairs, *Treaty on the Non-Proliferation of Nuclear Weapons (NPT)*, UN.org, <http://www.un.org/disarmament/WMD/Nuclear/NPT.shtml> (last visited March 19, 2015).

As member states of the United Nations, the P5+1 and Iran delegated the IAEA as the investigative authority for determining Iran's compliance with the provisions of the JPOA. The IAEA is tasked to verify that Iran:

- Is not enriching uranium in centrifuges at its major nuclear facilities;
- Limits its centrifuge production to those needed to replace damaged machines, so Iran cannot stockpile centrifuges;
- Does not construct additional enrichment facilities;
- Does not go beyond its current enrichment research and development practices;
- Does not operate, produce or test fuel, install additional components, or transfer material to the Arak¹⁹ reactor; and
- Does not construct a facility capable of reprocessing.^{20, 21}

The IAEA remains concerned about the possible existence in Iran of undisclosed nuclear-related activities involving military-related organizations, including activities related to the development of a nuclear payload for a missile.²²

III. Effect of Proposed Changes:

The memorial urges the Congress and the President of the United States to pass and enact new economic sanctions against Iran should that nation be found to be in violation of the Joint Plan of Action (JPOA) or fail to reach an acceptable agreement by the dates set forth in the November 2014 extension of the JPOA.

Copies of this memorial will be dispatched to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and each member of the Florida delegation to the United States Congress.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

¹⁹ The Arak complex is host to a water production plant and the IR-40 heavy water reactor, which remains under construction. See, the Institute for Science and International Security website at <http://www.isisnucleariran.org/sites/detail/arak/>.

²⁰ Reprocessing is a series of chemical operations that separates plutonium and uranium from other nuclear waste contained in the used (or "spent") fuel from nuclear power reactors. The separated plutonium can be used to fuel reactors, but also to make nuclear weapons.

²¹ The White House, Office of the Press Secretary, *Summary of Technical Understandings Related to the Implementation of the Joint Plan of Action on the Islamic Republic of Iran's Nuclear Program*, <https://www.whitehouse.gov/the-press-office/2014/01/16/summary-technical-understandings-related-implementation-joint-plan-actio> (last visited March 19, 2015).

²² Iran is required to cooperate fully with the IAEA on all outstanding issues, particularly those which give rise to concerns about the possible military dimensions to Iran's nuclear program, including by providing access without delay to all sites, equipment, persons and documents requested by the IAEA. See United Nations Security Council Resolution 1929, [http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1929\(2010\)](http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1929(2010)) (last visited March 19, 2015).

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

None.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.