

Oil prices in India could rise after US pull-out from Iran deal

In the end, President Donald Trump delivered on yet another of his campaign promises by pulling the United States out of the Iran nuclear deal, also known as the Joint Comprehensive Plan of Action, which was aimed at putting a cap on Tehran's atomic weapons and uranium enrichment programmes. The move wasn't much of a surprise even to the closest allies of the US, what with Mr Trump losing no opportunity to run down the deal since he assumed office last year. But it was yet another instance of the Trump administration abandoning a deal or arrangement without putting in place or working towards a replacement — a surefire way to ensure a vacuum, and uncertainty for a key deal that was meant to reduce instability in West Asia, hardly a region known for stability over the past several decades. Even Mr Trump's vague promise of being "ready, willing, and able" to negotiate a "new and lasting deal" means little, especially when his actions show the US cannot be perceived as a responsible player in negotiating and standing by international or multilateral arrangements. His action is all the more surprising as it comes weeks ahead of a meeting with Kim Jong Un of North Korea, which is possibly looking at an Iran-like deal to even think about rolling back its nuclear programme.

The Joint Comprehensive Plan of Action, in fact, provides a template for inspections and a verification regime that could also work with North Korea. Giving up on the deal will only increase uncertainty about the US among its closest allies such as France, Germany and Japan and contribute to its diminishing status as a major player on the global stage. As former president Barack Obama, who helped fashion the deal, has pointed out, the deal helped in rolling back Tehran's nuclear programme, removing more than 13,000 centrifuges and eliminating 97% of its enriched uranium stockpile. Mr Trump decided to act even after the US intelligence community has verified that Iran is meeting its responsibilities under the deal. In the circumstances, Tehran's anger is understandable.

Mr Trump's action will have significant consequences for India, for whom Iran is the third largest oil supplier. Oil prices, already at a four-year high, could rise further, affecting domestic inflation. India's plans to build a major trade and transit corridor around Iran's Chabahar port to access Afghanistan and Central Asian states, while bypassing Pakistan, too could be hit by potential US sanctions. Perhaps the only hope is Iran's indication that it will work with other powers to salvage the deal but even here, Indian support for such a move could end up increasing its divergence from the US on a crucial global issue.

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