

EU moves to save Iran nuclear deal

New decisions: French President Emmanuel Macron, British Prime Minister Theresa May and German Chancellor Angela Merkel on the sidelines of the EU-Western Balkans Summit .AFP

The European Union took formal steps on Friday to shield its firms from U.S. sanctions on Iran as part of efforts to save the international nuclear deal with Tehran.

EU leaders meeting on Thursday in Bulgaria gave the European Commission, the bloc's executive arm, the all-clear amid a deepening rift with Washington.

The commission said on Friday it "launched the formal process to activate the blocking statute by updating the list of U.S. sanctions on Iran falling within its scope." The commission said it hopes the statute will be in force before August 6 when the first batch of reimposed U.S. sanctions take effect.

President Donald Trump last week pulled Washington out of the 2015 international deal with Iran to curb its nuclear programme in return for easing sanctions.

The statute, which the 28 EU member states and the European Parliament must endorse, is aimed at reassuring European firms that invested in Iran after the deal.

Blocking statute

"The blocking statute forbids EU companies from complying with the extraterritorial effects of US sanctions," the commission said.

It also "allows companies to recover damages arising from such sanctions from the person causing them, and nullifies the effect in the EU of any foreign court judgements based on them", the executive added.

Brussels took steps on three other fronts to shore up the Iran deal, signed not just by the EU but EU members Britain, France and Germany, along with China and Russia.

The "blocking statute" is a 1996 regulation originally created to circumvent Washington's trade embargo on Cuba, which prohibits EU companies and courts from complying with specific foreign sanction laws.

However, the Cuba row was settled politically, so the blocking regulation's effectiveness was never put to the test, and its value may lie more in becoming a bargaining chip with Washington.

Since the U.S. withdrawal, the remaining parties have all pledged to stick to the deal if Tehran respects its terms. Beijing and Moscow have also stepped up efforts to save the deal.

Tehran has warned it is ready to resume no-holds-barred "industrial-scale" uranium enrichment unless Europe can provide solid guarantees to preserve Iran's economic benefits under the deal.

Right track

During talks in Brussels on Tuesday, Iran's Foreign Minister Mohammad Javad Zarif said efforts to save the deal were on the "right track".

On other fronts, the Commission moved on Friday to remove hurdles for the European Investment Bank (EIB) to finance activities outside the EU, such as in Iran.

It said the move will “allow the EIB to support EU investment in Iran,” particularly involving small and medium-sized companies.

The commission on Friday called for doing more to help Iran’s energy sector and small and medium-sized companies, as part of “confidence-building measures.”

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