

DEAL IN DANGER: ON IRAN AND NUCLEAR DEAL

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Iran's decision to reduce its commitments under the 2015 Joint Comprehensive Plan of Action, which sought to curtail its nuclear capabilities, is more of a warning than a move to break the nuclear deal. Iran has been under economic and political pressure since President Donald Trump pulled the U.S. out of the deal a year ago. The U.S. has since amped up its anti-Iran rhetoric and reimposed sanctions. While President Hassan Rouhani clinched the agreement in 2015 despite opposition from hardliners, his promise was that it would help lift sanctions, providing relief to Iran's economy. But the economic benefits did not last even three years, weakening Mr. Rouhani's position in Iran's complex power dynamics. With the U.S. having ended the sanctions-waiver it had given to certain countries, including India, on purchasing Iranian oil, from the first week of May, the Iranian economy has come under more pressure. It is in this context that Mr. Rouhani announced the suspension of some of the restrictions in the deal.

Iran will immediately stop shipping out excess enriched uranium and heavy water. Mr. Rouhani has given 60 days to other signatories to find solutions to shield Iran's banking and oil sectors from U.S. sanctions. In theory, excess enriched uranium and heavy water allow Iran to expand its nuclear programme, but it hasn't announced any such plan. The big threat is that it will resume higher levels of enrichment to build weapons unless its grievances are addressed in 60 days. Iran's response may appear to be calibrated. It hasn't quit the deal as the U.S. did. And its concerns are genuine as it is being punished even as it is compliant with the terms of the agreement. But Iran's move to put the remaining signatories on notice could be the start of the formal unravelling of the deal. European countries have been working on a mechanism, which is still in the initial stages, that allows Europe to trade with Iran through a barter system avoiding the dollar and circumventing sanctions. But it hasn't covered oil trade, the mainstay of Iran's economy. If Europe doesn't do enough in 60 days and Iran sticks to its threat, the deal will collapse, giving more reason to the U.S. to escalate hostilities. It has, among other things, deployed an aircraft carrier and a bomber squad to the Gulf. A practical alternative would be for Iran to end this brinkmanship and deepen cooperation with other signatories instead of breaking the deal. Europe, on its part, should stand firmly up to the U.S.'s unilateral threats and pressure, and come up with ways to help Iran. A collapse of the deal would not only exacerbate the Iran nuclear crisis but also set a bad precedent in international diplomacy.

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