

# IRAN ON THE EDGE

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The presidents of Turkey, Russia and Iran came together for a key summit in Tehran on September 7. The situation in Syria, of course, dominated the meeting of President Hassan Rouhani with President Recep Tayyip Erdogan and President Vladimir Putin . The summit discussed at length the tragic situation in the town of Idlib, dominated by an array of jihadist organisations and home to nearly 1.5 million civilians displaced from other parts of Syria. However, it also covered all issues pertinent to closer economic cooperation between the three nations to ward off the impact of the unilateral sanctions imposed on Iran by the US.

Turkey and Iran promised to take concrete steps regarding the use of national currencies in bilateral trade. This does not come as a surprise, since in the past few weeks, in the face of pressures on their currencies, Turkey, Iran and Russia have started seeking ways to give up the dollar and trade in national currencies. This is, of course, a crucial topic for the Iranian government, maybe even more important than Assad's offensive against Idlib. Let us not forget that the Iranian rial has devalued by 90 per cent against the dollar in just 10 years. In early September, the rial hit a record low of 1,40,000 to the dollar. Washington imposed the first set of economic sanctions on Iran last month and is scheduled to impose tougher sanctions on November 4, the day militant students stormed the US embassy in 1979 and held 52 Americans hostage for 444 days.

Meanwhile, Iran's Atomic Energy Organisation has promised to increase uranium enrichment beyond previous levels if the American sanctions continue and Iran is unable to sell its oil. The sanctions imposed by the Trump Administration since August are against the will of China, Russia and the European signatories to Iran Nuclear Deal. Nonetheless, major European companies, such as Total and Daimler, have cut commercial ties with Tehran, fearing Trump's threats. Iran's supreme leader, Ayatollah Ali Khamenei, recently invited the Iranian government to give up any partnership with the Europeans. "If it does not serve our national interests, we can abandon the nuclear deal," he said.

Iranian authorities are not willing to engage in any negotiations with the Trump administration, despite his offer of unconditional talks with Tehran. They have appealed to the International Court of Justice against Trump's decision to re-impose the sanctions. The Court could, however, take several months to even deliver a provisional verdict.

Meanwhile, the financial and economic pressures on Tehran are beginning to have an effect on the country. There have been reports of a lack of hard currency at Iran's exchange bureaus.

A recent report by Iran's Parliamentary Research Center estimated that the capital flight in the year leading up to March 20 amounted to \$13 billion. All this has made Iran vulnerable to manipulation by its neighbours. The latest example is the recent regional deal on the Caspian Sea, which has left Iran a loser. Totally isolated and with very few options, Iran recently approached Pakistan. While US Secretary of State Mike Pompeo was talking with his Indian counterpart about India's relations with Iran, Iran's foreign minister Javad Zarif was in Islamabad. He is hopeful that the new Pakistani leadership will revitalise the Iran-to-Pakistan gas pipeline project and ease Tehran's financial difficulties. However, it goes without saying that Pakistan does not favour the development of Iran's Chabahar port, because it sees it as a rival to Gwadar, which China is developing. China sees Pakistan as a strategic partner while it

considers Iran as a mere export market.

One way or another, it looks like cracks are starting to appear in Iran's domestic and foreign policies. The differing views of the representatives of Iran's conservative and religious establishment could have a fundamental impact on the political future of the country and the survival of the Iranian regime.

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