



## REVIVING THE IRAN DEAL

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**(Mains GS-2: Effect of policies and politics of developed and developing countries on India's interests, Indian Diaspora.)**

### **Context:**

- Joe Biden administration is facing many foreign policy challenges but none is more critical than salvaging the Joint Comprehensive Plan of Action (JCPOA, or the Iran nuclear deal).
- It also seems the most straightforward because Mr. Biden has consistently advocated a return to the JCPOA provided Iran returns to full compliance
- Iran has always reiterated its commitment to the JCPOA maintaining that the steps it took are reversible as long as the United States lifts the sanctions imposed by the Trump administration since 2018.

### **Joint Comprehensive Plan of Action (JCPOA):**

- The Iran nuclear agreement, formally known as the Joint Comprehensive Plan of Action (JCPOA), is a landmark accord reached between Iran and several world powers, including the United States, in July 2015.
- JCPOA seeks to prevent Iran from producing a nuclear weapon by putting curbs on its atomic programme in exchange for economic incentives.
- Under the JCPOA, Iran agreed to eliminate its stockpile of medium-enriched uranium, cut its stockpile of low-enriched uranium by 98%, and reduce by about two-thirds the number of its gas centrifuges for 13 years.
- For the next 15 years Iran will only enrich uranium up to 3.67%.
- Iran also agreed not to build any new heavy-water facilities for the same period of time.
- Uranium-enrichment activities will be limited to a single facility using first-generation centrifuges for 10 years.
- Other facilities will be converted to avoid proliferation

- To monitor and verify Iran's compliance with the agreement, the International Atomic Energy Agency (IAEA) will have regular access to all Iranian nuclear facilities.
- The agreement provides that in return for verifiably abiding by its commitments, Iran will receive relief from the U.S., European Union, and United Nations Security Council nuclear-related sanctions.

### **U.S. policy reversal:**

- Former U.S. President Barack Obama described the JCPOA as his greatest diplomatic success.
- Iran was then estimated to be months away from accumulating enough highly enriched uranium to produce one nuclear device.
- The JCPOA obliged Iran to accept constraints on its enrichment programme verified by an intrusive inspection regime in return for a partial lifting of economic sanctions.
- Trump had never hidden his dislike for the JCPOA calling it a “horrible, one sided deal that should have never, ever been made”.
- After ranting about it for a year, he finally pulled the plug on it in May 2018 and embarked on a policy of ‘maximum pressure’ to coerce Iran back to the negotiating table.
- The U.S. decision was criticised by all other parties to the JCPOA (including the European allies) because Iran was in compliance with its obligations, as certified by the International Atomic Energy Agency (IAEA).
- For the first year after the U.S. withdrawal, Iran’s response was muted as the E-3 (France, Germany, and the U.K.) and the EU promised to find ways to mitigate the U.S. decision.
- But by May 2019, Tehran’s ‘strategic patience’ was wearing out as the anticipated economic relief from the E-3/EU failed to materialise.
- As the sanctions began to hurt, Tehran shifted to a strategy of ‘maximum resistance’.

### **The unraveling of the JCPOA:**

- On the nuclear front, **Iran** began to move away from JCPOA’s constraints incrementally: exceeding the ceilings of 300kg on low-enriched uranium and 130 MT on heavy-water; raising enrichment levels from 3.67% to 4.5%.
- Iran stepping up research and development on advanced centrifuges; resuming enrichment at Fordow; and violating limits on the number of centrifuges in use.
- Following the drone strike on Islamic Revolutionary Guard Corps commander Gen. **Qasem** Soleiman, Tehran announced that it would no longer observe the JCPOA’s restraints, though its cooperation with the IAEA would continue.

- Tensions rose as the U.S. pushed ahead with its unilateral sanctions, covering Iranian banks, industries, defence, intelligence and nuclear establishments.

### **Events in Iran:**

- Sanctions on Iran came on top of COVID-19 that affected Iran badly, which had over 1.6 million **infections and** more than 60,000 deaths.
- The Iranian economy contracted by 7% in 2019 and another 6% in 2020.
- In mid-2020, Iran was shaken by a series of unexplained fires and blasts at a number of sensitive sites including one at the Natanz nuclear facility and another at **Khojir, a missile fuel fabrication unit.**
- Mohsen Fakhrizadeh, a senior nuclear scientist and head of the Research and Innovation Organisation in the **Iranian Defence Ministry was killed outside Tehran in a terrorist** attack amid rumours of external intelligence agencies' involvement.
- Iranian Parliament, dominated by the conservatives, passed a bill seeking enrichment to be raised to 20%, acceleration of deploying new cascades and suspending implementation of some of the special provisions of the IAEA.

### **No appetite for talks:**

- **Trump's policy** may have provided comfort to Israel's leader Benjamin Netanyahu and Saudi Crown Prince Mohammed bin Salman, but it failed to bring Iran back to the negotiating table and only strengthened the hardliners.
- The E-3's promised relief Instrument in Support of Trade Exchanges (INSTEX), created in 2019 to facilitate limited trade with Iran has been a disappointment; its first transaction only took place in March 2020.
- A recent IAEA report has confirmed that 20% enrichment had begun as had production of uranium metal at Isfahan.
- However, a recent visit by IAEA Director-General Rafael Grossi to Tehran enabled a 'technical understanding' to postpone Iran's withdrawal from the Additional Protocol (that it had voluntarily accepted in 2015) by three months.

### **Building the confidence:**

- Release of European and American nationals currently in custody in Iran would help.
- **Clearing Iran's applications to** the International Monetary Fund for COVID-19 relief and for supply of vaccines under the international COVAX facility can be done relatively easily.
- Oman's quiet facilitation helped create a positive environment for the JCPOA.
- **After the Al Ula summit, Qatar** and Kuwait too are well placed to play a diplomatic role and together,

- The E-3/EU need to fast track deals worth several hundred million euros stuck in the INSTEX pipeline, with a visible nod from the U.S.
- If not with Iran, the U.S. should share with the E-3/EU a 45-60 day time frame for progressive restoration of sanctions relief
- **The IAEA and the E-3/EU should work** on a parallel reversal of steps taken by Iran to ensure full compliance with the JCPOA

### **Impact on India:**

#### **Oil prices:**

- The impact on world oil prices will be the immediately visible impact of the U.S. decision.
- Any increase in prices will hit both inflation levels as well as the Indian rupee.

#### **Chabahar:**

- India's moves over the last few years to develop berths at the ShahidBeheshti port in Chabahar was a key part of its plans to circumvent Pakistan's blocks on trade with Afghanistan
- **Thus** failure of JCPOA failure could slow or even bring those plans to a halt

#### **INSTC (International North South Transport Corridor ):**

- Beyond Chabahar, India has been a founder of the International North South Transport Corridor (INSTC) since it was ratified in 2002.
- It starts from Iran and aims to cut right across Central Asia to Russia over a 7,200-km multi-mode network, cutting down transportation and time taken by trade by about 30%.

#### **Rules-based order:**

- India has long been a proponent of a "rules-based order" that depends on multilateral consensus and an adherence to commitments made by countries on the international stage.
- Failure of JCPOA overturned the precept that such international agreements are made by "States" not just with prevailing governments or regimes.

#### **Conclusion:**

- The Biden administration has made a good start by appointing Robert Malley as the U.S. Special Envoy for Iran but he will need help.
- The Biden administration **prioritizes rejoining the JCPOA**, followed by "incremental progress" against Iran's aggressive activities in the region.

- Positive steps along multiple tracks are necessary for creating a conducive atmosphere.
- But If the U.S. waits for Iran to return to full compliance before lifting sanctions or **Iran waits for the U.** to restore sanctions relief before returning to full compliance, it can lead to outcome like the collapse of **the JCPOA with Iran going nuclear like North Korea.**

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