# Implications of U.S. pullout from the Iranian Deal

## What is the issue?

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- The U.S. has pulled out of the “Iranian Nuclear Deal” recently.
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- The move seems directed more towards bringing in a regime change than towards curtailing Iran’s nuclear ambitions.
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## What is Iranian Nuclear Deal (JCPOA) about?

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- Joint Comprehensive Plan of Action (JCPOA) was a deal negotiated between “Iran and P5+1 Countries” during the Obama era in 2015.
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- P5+1 are the permanent five in UN Security Council (US, UK, France, Russia and China) and Germany.
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- The deal curtailed Iran’s uranium enrichment program, and opened up Iran’s nuclear facilities to international inspection.
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- The safeguards placed in the deal would’ve effectively deterred Iran’s touted Nuclear Weapons Program by at least a decade.
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- The deal was commended worldwide and there is currently every indication that Iran has strictly complied to it in letter and spirit.
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- But despite all these, the Trump administration unilaterally terminated JCPOA, with the allegation that deal was one sided and serves no purpose.
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## What could be actual reason for dismissing the deal?

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- Two key US allies “Israel and Saudi Arabia” were very apprehensive of the 2015 Iranian Deal as it would lift the sanction on Iran.
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- Once sanctions are removed, there is every possibility that Iran would emerge as a economic power in the region – which they perceive as a threat.

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- Notably, provocative statements from the Iranian political dispensation over the years have convinced Israelis and Saudis to take a hard line against Iran.
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- A regime change is what they desire and Trump has largely pandered these aspirations even in his campaign trail in the run up to presidency.
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## What is the situation within Iran?

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- **Social Situation -** Western media has been reporting frequent and large-scale demonstrations by Iranian people against the regime in recent months.
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- There are reports that the JCPOA hasn’t helped Iranian economy recover as fast as expected as many sanctions still persist, thereby making life difficult.
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- Inflation is high and economic inequality has only been getting worse, and these are only compounded by reports of massive corruption.
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- Religious faith is also said to be on the decline (reduced attendance at Mosques), which doesn’t spell good for a “Shiite theocracy” like Iran.
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- Notably, conversion to Christianity and, even to the Baha’i faith, which is the largest non-Muslim community in Iran has been noted.
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- While all of these suggest that a revolutionary upsurge, analysts’ have not been able to establish a possible timeline for such an occurrence.
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- **Politicking -** US, Saudi and Israel are hoping to aid the build-up of this discontent by wanting a re-imposition of sanctions.
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- Such a move would further curtail Iranian economy and thereby help in enhancing public anger and frustration against the Iranian regime.
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- Hence, Trump is unlikely to listen to other stakeholders in JCPOA, who've vouched for the continuance of the deal.
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## How has the Iranian Government reacted thus far?

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- Iran has shown restraint for now and hasn't called off the deal yet and has announced that it won't enhance its uranium enrichment program for now.
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- It has also not called off the "International Atomic Energy Agency" (IAEA) inspections, which is mandated by JCPOA.
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- The regime has shown considerable maturity by stating that it would consult the other signatories before taking a call on further course of action.
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- As the US might up the pressure on the other signatories to ditch the deal, it remains to be seen on how many of them will be willing to defy Trump.
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- Notably, Trump has his Republican Party strongly behind him on the Iranian issue and the Democrats are presently a divided house.
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## What are the international political implications?

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- US pullout has strengthened the hardliners and hence, current Iranian President Rouhani (a moderate) has no option but to take a defiant stance.
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- Iranians are proud of their heritage, and will stand behind their regime for now, but if their economic hardships escalate things might get tricky.
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- In the meanwhile, Iran will even more vigorously support the Bashar al-Assad regime in Damascus, in which it will be joined by Russia and Hezbollah.
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- Also, the Houthi rebels (Iranian allies) in Yemen will feel more emboldened

to take on the Saudi-led coalition – which will make the Yemeni war worse.
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- Iran will also more directly intervene in Iraq and render the possibility of peace in Afghanistan even more difficult.
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## What are the implications for India?

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- Despite India's strengthening ties with Israel and US, India has given out a diplomatic statement disapproving US withdrawal from JCPOA.
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- Sanctions on Iran will impact India's crude import bills, which is already strained due to increase in international oil prices (currently $80/barrel).
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- Notably, Iran is one of India's major crude exporters.
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- India's Chaubahar project might also suffer some setbacks, which will result in business losses and also alienate Afghanistan (connectivity) from India.
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- Domestically, RBI will have to shell out its Forex to curtail and rupee depreciation and inflation (which are expected fallouts).
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- All this could slow the Indian economy – which would also prove costly for the government, which is heading towards elections in a while.
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### Source: The Hindu

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