US and Iran nuclear deal - Implications

What is the issue?

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- The United States has pulled out of the Iran nuclear deal.
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- It is imperative at this juncture to look at the possible global implications and for India in particular.
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What is the deal about?

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- It is officially called the Joint Comprehensive Plan of Action (JCPOA).
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- It was signed between Iran and the P5, plus Germany and the EU in 2015.
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- P5 is the 5 permanent members of the UNSC (US, China, France, Russia, and UK).
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- The deal aimed at curbing Iran's nuclear programme.
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- Under the deal:
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i. most of Iran’s enriched uranium was shipped out of the country
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ii. a heavy water facility was rendered inoperable
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iii. operational nuclear facilities were brought under international inspection
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- In return, the deal involved lifting of international sanctions on Iran.
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What are US's present concerns?

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- Trump administration says the deal did not target Iran’s ballistic missile programme.
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- It does not focus on Iran's nuclear activities beyond 2025.
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- It also leaves Iran's role in conflicts in Yemen and Syria.
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- It is said that the 'one-sided deal' did not bring calm and peace to the region.
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What are the strategic reasons behind?

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- Iran has been compliant with the provisions of the deal.
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- The deal is largely a successful one.
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- So the actual concern for US is Iran’s re-accommodation in the global economic mainstream.
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- This is as well the concern for US's closest allies in West Asia, Israel and Saudi Arabia.
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- Iran’s rising economic profile would embolden it to increase its regional presence.
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- This would pose a strategic threat to the interests of the U.S.-Saudi-Israel axis.
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What are the global implications of the decision?

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- The US has created a crisis in an already unstable region.
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- It doesn’t necessarily trigger an immediate collapse of the agreement.
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- The UK, Germany, China, France and Russia still remain committed to the agreement.
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- But it is to be seen if Europe and other powers will stick together or change under US pressure.
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- If they deviate from their positions, West Asia will be a lot more dangerous.
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- Iran is cautious, saying it would engage diplomatically with the remaining signatories.
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- Notably, the challenges will emerge not only for Europe, once US sanctions are in place.
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- Other nations with strong trade ties with Iran, including India, would also face the impact.
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What is India's stance?

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- India has been a proactive votary of the international rules-based order.
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- It has been extremely supportive of the Iran nuclear deal.
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- India recognises Iran’s right to peaceful uses of nuclear energy.
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- On the other hand, it also highlights the international community’s interest.
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- It has thus maintained that the Iranian nuclear issue should be resolved peacefully.
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What are the implications for India?

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- **Energy** - Until 2010-11, Iran was India’s second-largest oil supplier after Saudi Arabia.
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- But it slipped in subsequent years as international sanctions hit Iran.
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- It is now India’s third-largest supplier after Iraq and Saudi Arabia.
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- But following the 2015 deal, the supplies rose considerably.
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- A disruption to this trend may affect India's energy trade.
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- India and Iran have strategic interests in keeping the relationship sustainable.
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- But it should be insulated from the impact of sanctions.
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- **Chabahar port** - Chabahar port is both a financial and a strategic investment for India.
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- The engagement between India and Iran on Chabahar has gathered momentum.
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- The work is expected to be completed soon.
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- Possible American sanctions could hit infrastructure development in Chabahar.
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- This could affect the pace of development and cause a delay.
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- However, India may still have options if other signatories stick with the JCPOA.
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- **West Asia** - Trump’s move would mean US engaging with Iran's regional rivals Saudi Arabia and Israel.
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- This could destabilise the region where over 8 million Indian migrants live and work.
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- Military tensions in West Asia have forced India to evacuate its nationals in the past.
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- However, India's capacity to do so is limited.
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- **India-US relationship** - In Trump's administration, the US has been hard on

Pakistan.
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- But has asked India to be more proactive in the Indo-Pacific, with an eye on China.
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- However, India has been wary of committing too much on the Indo-Pacific strategy.
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- The India-US-Japan-Australia ‘Quad’ is also in the nascent stage.
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- Moreover, uncertainties exist over the relationship with Russia.
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- Amidst these, the Iran situation will test the durability of the “strategic partnership” between India and US.
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- **NSG** - India is aspiring to join the Nuclear Suppliers Group (NSG).
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- Given this, it has to make a clearer articulation of commitment to JCPOA.
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- This will help with the Europeans, especially the French, who are backing India’s NSG membership bid.
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What lies ahead for India?

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- **Chabahar** - India’s goal of helping Afghanistan’s reconstruction may be affected if Chabahar is slowed down.
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- Notably, India is engaged in Afghanistan at the request of the Trump administration through $ 1 billion assistance.
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- India may likely argue with its interlocutors in Washington.
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- It could stress that access to Afghanistan is a shared objective of both countries.
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- **India-Iran** - The government should look at options like the rupee-rial trading mechanism.

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- Opening of Iranian banks in India and Indian banks in Iran could be considered.
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- This would facilitate movement of money and income between the two countries.
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- It is a moment for India and Iran to plan for similar crises in future.
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Source: Indian Express, The Hindu

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