US Sanctions and Iran's Nuclear Plans

What is the issue?

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- Iran has notified IAEA of it's nuclear enrichment plans.
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- Iran should cooperate with Europe and China to work around U.S. sanctions.
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What is Iran's stance?

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- Iran said that it was in “preparatory works” to restart nuclear activities.
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- This is in the event of the failure of the 2015 accord.
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- In such a scenario, Iran could restart its activities without any limits.
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- The preparatory works mentioned refer to steps to boost uranium enrichment capacity by producing new centrifuges.
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- In addition, it had notified of a plan to restart activity at its uranium conversion facility to produce the UF6 feedstock for centrifuges.
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What are the other developments in this regard?

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- France, Britain, Germany and the EU have sent a joint official request to the U.S.
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- It asks for their companies to be exempt from punitive measures resulting from fresh U.S. sanctions on Iran.
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- It calls for exempting European businesses doing legitimate trade in Iran from all extraterritorial American sanctions.
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What are the implications?

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- Iran’s notification illustrates the risks associated with the recent U.S. withdrawal from the nuclear deal. (Click here to know more).
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- According to the deal, Iran can enrich uranium, but under tight restrictions.
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- It would not be technically violating the agreement as long as it does not produce centrifuges.
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- But the move to open a production facility could be seen as a provocative step by the remaining parties to the agreement.
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- The other signatories to the deal said they remain committed to the agreement.
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- But they are yet to come up with a framework to continue the deal.
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- The latest Iranian announcement could pressurise the European powers.
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- They are forced to come up with guarantees that the deal’s benefits will be in place even with U.S. sanctions.
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What is the way forward?

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- It is uncertain if European companies would make investments in Iran, or even continue to do business, with U.S. sanctions.
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- Earlier, they had discussed providing companies that do business with Iran, special financing from the European Investment Bank.
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- Passing legislation to protect them from U.S. sanctions was also discussed.
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- Concrete decision on these fronts are not yet taken and the EU is wary of giving any guarantee to Iran.
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- The way forward is to continue a dialogue to find an economic and legislative package.
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- This has to shield European companies and Iranian economic interests from U.S. sanctions.
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Source: The Hindu

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