US and Iran nuclear deal - Implications

What is the issue?

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

What is the deal about?

- It is officially called the Joint Comprehensive Plan of Action (JCPOA).
- It was signed between Iran and the P5, plus Germany and the EU in 2015.
- P5 is the 5 permanent members of the UNSC (US, China, France, Russia, and UK).
- The deal aimed at curbing Iran's nuclear programme.
- Under the deal:

  i. most of Iran’s enriched uranium was shipped out of the country
  ii. a heavy water facility was rendered inoperable
  iii. operational nuclear facilities were brought under international inspection
- In return, the deal involved lifting of international sanctions on Iran.
What are US's present concerns?

• Trump administration says the deal did not target Iran’s ballistic missile programme.

• It does not focus on Iran's nuclear activities beyond 2025.

• It also leaves Iran's role in conflicts in Yemen and Syria.

• It is said that the ‘one-sided deal' did not bring calm and peace to the region.

What are the strategic reasons behind?

• Iran has been compliant with the provisions of the deal.

• The deal is largely a successful one.

• So the actual concern for US is Iran’s re-accommodation in the global economic mainstream.

• This is as well the concern for US's closest allies in West Asia, Israel and Saudi Arabia.

• Iran’s rising economic profile would embolden it to increase its regional presence.

• This would pose a strategic threat to the interests of the U.S.-Saudi-Israel axis.

What are the global implications of the decision?
• The US has created a crisis in an already unstable region.

• It doesn’t necessarily trigger an immediate collapse of the agreement.

• The UK, Germany, China, France and Russia still remain committed to the agreement.

• But it is to be seen if Europe and other powers will stick together or change under US pressure.

• If they deviate from their positions, West Asia will be a lot more dangerous.

• Iran is cautious, saying it would engage diplomatically with the remaining signatories.

• Notably, the challenges will emerge not only for Europe, once US sanctions are in place.

• Other nations with strong trade ties with Iran, including India, would also face the impact.

What is India's stance?

• India has been a proactive votary of the international rules-based order.

• It has been extremely supportive of the Iran nuclear deal.

• India recognises Iran’s right to peaceful uses of nuclear energy.

• On the other hand, it also highlights the international community's interest.

• It has thus maintained that the Iranian nuclear issue should be resolved peacefully.

What are the implications for India?
• **Energy** - Until 2010-11, Iran was India’s second-largest oil supplier after Saudi Arabia.

• But it slipped in subsequent years as international sanctions hit Iran.

• It is now India’s third-largest supplier after Iraq and Saudi Arabia.

• But following the 2015 deal, the supplies rose considerably.

• A disruption to this trend may affect India's energy trade.

• India and Iran have strategic interests in keeping the relationship sustainable.

• But it should be insulated from the impact of sanctions.

• **Chabahar port** - Chabahar port is both a financial and a strategic investment for India.

• The engagement between India and Iran on Chabahar has gathered momentum.

• The work is expected to be completed soon.

• Possible American sanctions could hit infrastructure development in Chabahar.

• This could affect the pace of development and cause a delay.

• However, India may still have options if other signatories stick with the JCPOA.

• **West Asia** - Trump’s move would mean US engaging with Iran's regional rivals Saudi Arabia and Israel.

• This could destabilise the region where over 8 million Indian migrants live and work.

• Military tensions in West Asia have forced India to evacuate its nationals in the past.

• However, India's capacity to do so is limited.

• **India-US relationship** - In Trump's administration, the US has been hard on Pakistan.
• But has asked India to be more proactive in the Indo-Pacific, with an eye on China.

• However, India has been wary of committing too much on the Indo-Pacific strategy.

• The India-US-Japan-Australia ‘Quad’ is also in the nascent stage.

• Moreover, uncertainties exist over the relationship with Russia.

• 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).

• Given this, it has to make a clearer articulation of commitment to JCPOA.

• This will help with the Europeans, especially the French, who are backing India’s NSG membership bid.

What lies ahead for India?

• **Chabahar** - India’s goal of helping Afghanistan’s reconstruction may be affected if Chabahar is slowed down.

• Notably, India is engaged in Afghanistan at the request of the Trump administration through $ 1 billion assistance.

• India may likely argue with its interlocutors in Washington.

• It could stress that access to Afghanistan is a shared objective of both countries.

• **India-Iran** - The government should look at options like the rupee-rial trading mechanism.
• Opening of Iranian banks in India and Indian banks in Iran could be considered.

• This would facilitate movement of money and income between the two countries.

• It is a moment for India and Iran to plan for similar crises in future.

Source: Indian Express, The Hindu