

When signed in 2015, the Joint Comprehensive Plan of Action (JCPOA) or more commonly known as the Iran nuclear deal was deemed by President Obama as “the strongest non-proliferation agreement ever negotiated” and one of the most significant treaties that have been signed in the modern history, in which the six great powers negotiated with Iran an agreement to pull the plug on Iran’s military nuclear program while putting its civilian nuclear program under strict IAEA regulations and providing the west Asian nation which relief from economic sanctions.

The deal had a unique tenet, as it was much more than a multilateral agreement and was endorsed by the United Nations Security Council Resolution 2231. Besides its objective of curbing nuclear proliferation, the agreement was also seen as a foundational agreement by scholars worldwide for the eventual reduction in the antagonism between the US and Iran.



Iranian President Hasan Rouhani inspecting Iranian Nuclear Facility/ Image: AP

The agreement which was signed by the United States, United Kingdom, France, Russia, China, Germany and the EU with Iran, sought to bring down the number of Iranian IR-1 centrifuges to 5,040 and to curtail the replacement of these with the more advanced IR-6 and IR-8 centrifuges, which can enrich more than 10 times the capacity of the IR-1 centrifuges. Further, it put a 15-year cap on the Uranium-235 enrichment at 3.67 percent with an upper limit for the uranium stockpile at 300 kilograms. The excess enriched

Uranium was supposed to be sold, shipped abroad for storage or dilution to natural uranium levels. Under strict IAEA monitoring which even involved interviews of the personnel employed in the Iranian nuclear facilities, Iran was supposed to disable the core of the Arak nuclear reactor and convert the [Fordow Fuel Enrichment Plant \(FFEP\)](#) into a research facility with Russian collaboration working on stable nuclear isotopes. One of the distinct features of the deal was the platform it provided for comprehensive dispute resolution in the form of the Joint Commission, which included representatives of all the parties involved and provided with a time-bound dispute redressal mechanism. This body also oversaw the transfer of dual-use nuclear-related materials to Iran.

Iran was supposed to gain a lot by signing this deal, as the deal would mean a huge relief from sanctions imposed by the US, EU and the UN on the Iranian nuclear program, oil industry, financial institutions and individual entities. It would gain stability and economic stimulus via foreign investments that were promised and suppose to pour in contingent upon Iran's compliance with the nuclear deal. Iran placed orders for hundreds of commercial aircraft from western aircraft manufacturers like Boeing, Airbus and ATR and would refresh its ageing commercial fleet. Economic sanctions by the EU restricting access to SWIFT and international financing were also supposed to be scuttled. Thus, the deal was a win-win for both the P5+1 powers and Iran. As it increased Iran's breakout time from a few weeks to a year and provided the Iranians with the much-needed sanctions relief and economic push.

Prime Minister Netanyahu denounced the deal from its onset and claimed it to be a "historical failure". He, on multiple forums, criticised the deal as a threat to Israel and the middle east in general, as the deal had [sunset clauses](#) which ensured the Iranian state a sure short path to developing full-fledged nuclear capabilities after a set time. He also argued that the Iranian state was violating the deal in general and carrying on with nuclear-capable [ballistic missile program](#). This resentment was visible in his speeches and the Israeli lobbying efforts through organisations like the AIPAC to scuttle the deal. Thus, the myth of the so-called "sunset clause" was created, and President Donald Trump who running for elections at the time used the same to criticize the Obama administration.



Image source: REUTERS/Jonathan Ernst/

He was determined to pull out of the deal from the beginning and his election and subsequent closeness with PM Netanyahu further cemented his conviction. Thus, after multiple threats and statements to withdraw; on May 8th 2018, [President Trump declared that the US will finally withdraw from the JCPOA](#) and would no longer extend its commitment to the same. United States’ withdrawal was deemed “unacceptable” by the Iranians as they vowed to bypass Washington to cooperate with other parties to the nuclear deal.

Sanctions

Following the withdrawal, the US imposed multiple rounds of unilateral sanctions on Iran. The first round of these targeted the Iranian carpet and pistachio industry among others which together employ more than 2 million Iranians. Further, Iranian caviar industry was sanctioned along with Iran’s transactions for its aircraft purchases. Following this,

companies started to pull out of Iran, as entities and individuals trading with Iran were sanctioned by the US Department of Treasury and their assets were seized as they no longer could do business with the US. In the second tranche of sanctions in November, the Iranian oil industry and banking system were targeted. Some countries were given time to reduce their oil supplies from Iran and eventually bring them down to zero. This action specifically affected the Iranians the most as crude oil production came down from 2.4 million BPD to 5,00,000 BPD and resulted in huge unrest as unemployment went up coupled with the government's decisions to increase fuel prices. All this happened while President Trump's rhetoric on the so-called sunset clause and sanctions on the Iranian ballistic missile program continued.



President Trump Game of Thrones styled tweet in November 2018 about Iran sanctions, saying that “Sanctions are Coming”

While President Trump blamed the Iranians for non-compliance of the treaty, various IAEA monitoring reports and statements by the other parties to the treaty affirmed their confidence in Iran’s compliance of the treaty. Iran kept its commitments to the same and demanded the EU and the other parties to provide sanctions relief. President Rouhani and Foreign Minister Javad Zarif carried led a foreign policy offensive to rally around support from Iran’s traditional trade partners including India. However, things started to change when Washington sanctioned the Iranian oil industry, individuals connected to it, and importers of Iranian crude oil and condensates; as this severely impacted the Iranian economy. The EU was called on and helped the Iranians with the formation of a Special Purpose Vehicle (SPV) known as INSTEX, which was made to ensure delivery of humanitarian goods to Iran, however, it did not facilitate oil trade. Iran has tried to benefit from tensions between the US and the EU by trying to widen the differences and gain from the same. Demand for Iranian crude oil and condensates shrunk as South Korea, Japan and India which were the biggest importers of the same and could not afford to harm their relations with the US for various reasons. As the Trump administration is highly transactional, and these nations face regional issues where the United States has an important role to play; they had to rethink their Iranian ties and trade. Iran eventually started to roll back from the JCPOA commitments in a staggered manner, first by crossing the limit on its enriched uranium stockpile of 300 kilograms and then by exceeding the 3.67 percent purity cap on its enriched uranium. Further, it started to replace its older IR-1 centrifuges with advanced IR-6 centrifuges in violation of the treaty. This bought down the breakout time from a year to some months.

This “Maximum Pressure” campaign by the Trump administration which was supposed to bring Iran back to the negotiating table has failed to do so. It has costed the Iranian regime more than \$10 billion in oil revenues but has impacted Iranian people the most as inflation has risen drastically, the Iranian Rial has lost more than half of its value and peoples’ savings have considerably shrunk. Iranians throughout these years have learnt to cope with these sanctions, and their strategy of leveraging and seeking concessions from the EU, China and Russia to get more sanctions relief. China has made some serious inroads in Iran, as Iran remains a key part of the Belt and Road Initiative (BRI) it has attracted limited foreign investment from the Chinese, which initially invested in the South Pars gas field too but had to exit following pressure from Washington. Russia meanwhile already has a strong strategic relationship with the Iranians since the Islamic Revolution and as it continues to cooperate with them in Syria, they fully back the JCPOA.



Image source: VAHID REZA ALAEI/AFP/Getty Images

Conclusion

The sanctions and historical antagonism between the US and Iran have not stopped both the powers to come back to the negotiating table in the past, and do not stop so in the present too. They have time and again negotiated directly or indirectly on various issues such as prisoner exchanges. What is problematic is the sheer rhetoric that is prevalent in the United States' politics as of now and the clout of the Israeli lobbyists in the current administration. Iran, on the other hand, has been under sanctions for long and has learned to bypass/ cope with them. The rich Persian strategic culture the Iranians are so proud of has actually helped them combat these sanctions and hasn't shaken their resolve. Its ballistic missile program which Washington and its allies in the middle east are so apprehensive about is here to stay, as Iran is unlikely to shut it down. This is given the fact that Saudi Arabia and Israel which the Iranians see as their principal security threats in the region backed by the US already have ballistic missile programs. Israel has its Jericho missile system while the Saudis have bought Chinese DF-3 and DF-21 in the past.

Further, it needs to be understood by the United States that the JCPOA was clearly a win-win situation where American companies were gaining much more than the Iranians in monetary terms, as far as the transactional nature of this administration is concerned. No such deal that solely benefits the Americans can be reached and acceptable to the Iranians, given the Iranian perception of themselves as a regional power. The EU does not have enough clout over the international financial institutions and the flow of dollar; hence it can only provide limited concessions to the Iranians. The American role is much needed for the deal to be effective and the mechanism to achieve its goals.

Iran has not left the JCPOA and will not do so in the future unless there is a complete breakdown on consensus on the deal in the west. It is gradually making small violations vis-à-vis the deal instead of taking large steps that upset the Europeans as the economic and diplomatic cost of leaving the deal is enormous and may lead to further international isolation, internal revolts and threats to the regime.

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