



## Understanding President Trump's JCPOA Decision

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### **Why Withdrawal? - Two Possible Explanations**

The unthinkable has happened. President Trump announced his final decision on the landmark Iran deal that had been hailed as a non-proliferation promise by majority of nuclear experts. On 09 May 2018, exactly after 841 days of the implementation of the nuclear deal, despite the international nuclear watch guard –“the IAEA”- stating that Iran remains in compliance with the Joint Comprehensive Plan of Action (JCPOA), regardless of the pressure from the other negotiating parties and indifferent to the advice of domestic nuclear non-proliferation experts – the United States chose to withdraw from the nuclear deal.

It is indeed puzzling to view the withdrawal, especially in the context of the language of the JCPOA that categorically states that “under no circumstances will Iran ever seek, develop, or acquire any nuclear weapons”.<sup>1</sup> There are no clear answers to why the US, chose to ease the pressure of obligations on Iran, which ensured that their nuclear programme solely existed for civilian purpose. Why did the US prefer to incentivize Iran to ‘pursue’ their nuclear capability

in future and invite the blame on self because it was, after all the US that withdrew from the deal that could have guaranteed a check on Iran's nuclear weapons ambition?

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As far as the rationale for pulling out of the JCPOA is concerned, it can be understood as a play out of two factors: First, the Israeli intelligence disclosure of the Iranian nuclear file<sup>2</sup> that included many documents and archival evidences to show that Iran had acquired weaponisation between 1999-2003 when its project AMAD was active. While there is little direct evidence to suggest that PM Netanyahu's revelation might have influenced Trump's decision, the timing of the Israeli disclosure cannot be ignored and neither is PM Netanyahu's reach to President Trump a secret. David Sanger, in his recent article, had remarked that, “Netanyahu's presentation was a prearranged

show with the aim of impacting Trump's decision, or perhaps a coordinated plan by him and Trump in order to destroy the JCPOA".<sup>3</sup> Moreover, Netanyahu himself has affirmed that Israel had passed the information to the United States, which "can vouch for its authenticity."<sup>4</sup>

Second, President Trump's own contention with the Iran deal largely emanates from his personal view of Iran. Nothing expresses Trump's view of Iran more clearly than his White House Statement post the JCPOA withdrawal that is emphatically descriptive of Iranian regime as a "State Sponsor of terror, ...plundering the wealth of its own people..., in pursuit of the most dangerous task- acquisition of nuclear weapon and the means of delivering them..."<sup>5</sup> President Trump has been known as the most vocal critic of the nuclear deal since his election campaign days. He ordered an interagency review of the Iran deal in the first 100 days of his Presidency. While the JCPOA withdrawal seemed unthinkable for many empathizers of non-proliferation, it should not entirely be a surprise especially when President Trump has signaled it more than once, often by stating his mistrust for the JCPOA several times.

Notwithstanding the US decision, the JCPOA still holds as the other parties are committed to holding their part of the deal. In this context, it is rather hard to imagine the gains US would make by this decision. However, observations on what the US may lose in near and long term is fairly easy to predict.

#### ***American Business Interests will be Hurt***

At the outset, the most immediate repercussion of JCPOA withdrawal could be that some American business interests are likely to get hurt if sanctions are re-imposed. In fact, as per President Trump's declaration, all the existing

contracts with Iran would be subject to a 90 days to six months provision. It is almost certain that the biggest deal between Iran and Boeing and Airbus (as expected!) would get cancelled. It is noteworthy that Boeing was to sell Iran Air 80 aircrafts for \$ 17 billion.<sup>6</sup> Similarly, Airbus too had agreed to sell 100 aircraft worth about \$19 billion. Together, Boeing and Airbus would lose business worth \$39 billion<sup>7</sup> that aimed at replenishing Iran aging fleet of commercial aircrafts.

While Boeing may not lose significant business as it already has a large backlog of jets to deliver and the future business was not dependent on the Iranian deal, it is reported that 100,000 American jobs would be lost when sanctions will be reinstated.<sup>8</sup> Airbus on the other hand (a

European airline consortium - France), would feel the impact as nearly 10% of its aircraft components are of American origin; thus it requires permission from the US Treasury for its sales to Iran. This would become

troublesome for Airbus which has already delivered two A330-200s and one A321 to Iran under the deal signed.<sup>9</sup> Additionally, after the re-imposition of sanctions, it is likely that the US may not be able to buy oil from Iran, as the American sanctions against Iran's oil sector<sup>10</sup> may kickback in the next 180 days. Thus, depending on the specific sanctions, by 04 November 2018,<sup>11</sup> all the sanctions are likely to be reinstated.

#### ***US Might Get Isolated While Iran May Win More Friends***

The nuclear deal was not a bilateral decision between the US and Iran but a contract between the five negotiating parties, plus the IAEA and Iran, under which each party was supposed to keep its end of the commitment, such as- easing of sanctions and ensuring of compliance. Therefore, this unilateral act by the US is likely to cast a rift between the US and its key allies.

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Already, a joint statement<sup>12</sup> by Britain, France and Germany has expressed great regret, reiterated commitment to the JCPOA and urged Iran to abide by it. Furthermore, the joint statement has highlighted that France, Germany and Britain would continue to ensure economic benefits for Iran. This also implies that Iran would continue to receive sanctions relief from these parties as long as it remains in compliance. Interestingly, Iran too has resisted from making any impulsive decision of walking out of the deal. Additionally for Iran, no other multilateral (EU) and UN sanctions are likely to be reinstated, and it may also get respite from embargo on its oil imports. It all depends now on the P-4 +1 countries and how they are willing to incentivize the economic benefits for Iran. It may be recalled that relief from economic sanctions was the reason Iran became part of the deal. Since both sides appear to be willing to keep the JCPOA, their dialogue is likely to bring them closer to understanding each other. It is likely that other key players would attempt to soften the effect of US sanctions resulting in US getting isolated. Already ahead of the Shanghai Corporation Organisation (SCO) meeting to be held on 09-10 June 2018, it is indicated that the bloc would likely to discuss - the backing of the JCPOA and how to prevent it from collapsing.<sup>13</sup> India too has stated that it only follows UN sanctions and does not recognise any country specific sanctions,<sup>14</sup> thus it will continue its oil trade with Iran despite the US sanctions. This clearly shows that not only European allies, but also key nations from Asia do not support President Trump's JCPOA decision.

### ***A Loss for American Non-Proliferation Policy***

While President Trump has certainly taken the most historic decision of his Presidency, it will

have long term implications for the future of any nuclear related negotiations that the US would enter. The JCPOA was a win for nuclear non-proliferation and the US, since Washington was grappling with the possibility of 'Iran's nuclear weapons pursuit' since 2002, so much so, that in 2007 the US was deliberating a military solution to address Iran's nuclear threat. The conclusion of the deal had muted that option. Majority of nuclear non-proliferation experts were of opinion that a military solution would have been catastrophic in this case, as it would have strengthened Iran's resolve to acquire nuclear weapons even more. Now, in the

absence of any clear strategy by President Trump, and Israel already striking out 'almost all of the Iranian Infrastructure in Syria,' it can be argued that this option is back on the table. It is noteworthy that the Republicans in the Obama Administration had tried to push forward "Nuclear Weapon Free Iran Act of 2013"<sup>15</sup> one of its

provisions was the US support to Israel's military option to strike Iran's nuclear facilities if (in future) Iran goes nuclear despite the deal. One may argue that if the deal fails and Iran resumes enrichment beyond

the scope of JCPOA- which it might as Rouhani has already hinted, this will somewhat legitimize Israeli and US military action. As noted by an Israeli expert- Avner Cohen, "...not only Iran would refuse to negotiate another agreement if all fails, it is reasonable to assume that American threats would cause Tehran to come to a decision that it had refrained from in the past-a national commitment to develop a nuclear weapon..."<sup>16</sup> Iran as any other country, has every possible reason to question the future intent of the US. In any case, the US withdrawal from the JCPOA implies that in the long run good faith negotiations will be a challenge for the US diplomacy in future.

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## Conclusion

### ***What is the Message President Trump trying to send?***

It is rather interesting that at this juncture in the US non-proliferation policy two significant developments are taking place: 1) A possibility of JCPOA collapsing, which might further lead to Iran's nuclear pursuit; 2) US-DPRK's fluctuating talks. In Iran's case – giving up the nuclear option is inviting more sanctions, economic arm-twisting and a possible military penalization for abiding by the JCPOA. In a recent statement, the US Secretary of State, Mike Pompeo, remarked that, "...US sanction would be painful to Iran so much so that it would battle to keep its economy alive, indicating that Iran would receive the strongest sanctions in history..."<sup>17</sup> On the other hand, in the North Korean case – going forward with a nuclear weapons pursuit, withdrawing from the NPT and defying the US pressure has transcended into a golden peace opportunity with economic benefits. Pompeo and Gen Kim Yong Chol, (who is considered the right hand of the North Korean leader) are going to meet for the third time ahead of the 'possible Singapore talks'. Clearly, the behavior of a country that has stood up against American pressure by pursuing nuclear weapons capability is getting rewarded in the end. Is this a lesson that the US wants others to learn?

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#### Notes:

<sup>1</sup> JCPOA Text of the Agreement, *US State Department*, 14 July 2015, <https://www.state.gov/documents/organization/245317.pdf>, Accessed on May 11, 2018. The JCPOA was implemented on 16 January 2016.

<sup>2</sup> David M. Halbfinger, David E. Sanger and Ronen Bergman, (2018), "Israel Says Secret Files Detail Iran's Nuclear Subterfuge", *New York Times*, 30 April 2018, <https://www.nytimes.com/2018/04/30/world/middleeast/israel-iran-nuclear-netanyahu.html>, Accessed on 10 May 2018.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> "Remarks by President Trump on the Joint Comprehensive Plan of Action", 08 May 2018 *White House*, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-joint-comprehensive-plan-action/>, Accessed on 10 May 2018.

<sup>6</sup> Anne Gearan and Karen DeYoung, (2018), "Trump pulls United States out of Iran nuclear deal, calling the pact 'an embarrassment'", *Washington Post*, 08 May 2018, <https://www.washingtonpost.com/politics/trump-will-announce-plans-to-pull-out-of-iran-nuclear-deal-despite-pleas-from-european-leaders/2018/05/08/>, Accessed on 10 May 2018

<sup>7</sup> Steve Mufson, Damian Paletta, (2018) "Boeing, Air bus to lose & \$39 Billion in Contracts because of Trump Sanctions on Iran" , *Washington Post* ,09 May 2018.

<sup>8</sup> Michael Sheetz Leslie Josephs, ( 2018), "Boeing May Lose \$20 Billion In Aircraft Deals As Trump To Pull US Out Of Iran Nuclear Pact" , *CNBC*, 08 May 2018, <https://www.cnn.com/2018/05/08/iran-deal-fallout-boeing-may-lose-20-billion-in-aircraft-deals.html>, Accessed on May 15, 2018. Sarah Grey , (2018), "Why Boeing and Airbus Stand to Lose Billions of Dollars Due to New Iran Sanctions", *Fortune*, 09 May 2018, <http://fortune.com/2018/05/09/boeing-airbus-lose-billions-iran-sanctions/>, Accessed on 15, May 2018.

<sup>9</sup> Jon Gambrell (2018), "Airplane and Oil Deals At Risk In Trump Pullout Of Iran Deal", (2018) <https://www.usatoday.com/story/news/world/2018/05/06/iran-nuclear-deal-businesses-could-lose/584780002/>, Accessed on 28 May 2018.

<sup>10</sup> Zeeshan Aleem, ( 2018), "Trump just pulled out of the Iran deal. Here's what happens next. ", *Voice of America*, 08 May 2018, <https://www.vox.com/world/2018/5/8/17330716/iran-nuclear-deal-trump-withdraw-what-happens-next>, Accessed on May 11, 2018.

<sup>11</sup> "What the U.S. Withdrawal Will Do to the Iran Nuclear Deal", *Stratfor Global Intelligence*, 08 May 2018, pp.01-05.

<sup>12</sup> Full text of the Joint Statement, France, Germany, Britain, *First Post*, 09 May 2018, *First Post* <https://www.firstpost.com/world/united-states-to-exit-iran-nuclear-deal-full-text-of-joint-statement-by-germany-france-and-uk-4462099.html>, Accessed on 10 May 2018.

<sup>13</sup> Sarah Zheng, (2018) "China, Russia set to show support for Iran nuclear deal at security bloc summit, observers say", *Diplomacy & Defense*, <http://www.scmp.com/news/china/diplomacy-defence/article/2148179/china-russia-set-show-support-iran-nuclear-deal>, Accessed on 29 May 2018.

<sup>14</sup> India Follows UN Sanctions, Not US Sanctions On Iran: Sushma Swaraj, (2018), *NDTV*, <https://www.ndtv.com/>

india-news/india-only-recognises-un-sanctions-will-trade-with-iran-sushma-swaraj-1858959, Accessed on 29 May 2018.

<sup>15</sup> Nuclear Weapon Free Iran Act of 2013', MRW13A27 , 113th US Congress, US Senate, Introduced in the US Senate on 12/19/2013, <https://www.congress.gov/bill/113th-congress/senatebill/1881>, Accessed on May 10, 2018.

<sup>16</sup> Avner Cohen, (2018) " A Countdown to War", *Haaretz*, 13 May 2018.

<sup>17</sup> Mike Pompeo, "'After the Deal: A New Iran Strategy " *Heritage Foundation*, May 21, 2018 <https://www.state.gov/secretary/remarks/2018/05/282301.htm>, Accessed on 28 May 2018



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