

US Sanctions and Iranian Nuclear Program

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The next round of Geneva talks between Tehran and the five permanent members of the UN Security Council plus Germany – the group of six powers (the P5 + 1 group) – has been launched in Geneva on November 7-8. The previous meeting on the [nuclear issue](#) took place in the middle of October. [Iran](#) appears to lose hopes for doing away with the sanctions shortly. Speaking to parliament President Hassan Rouhani admitted that his government had no high expectations for the negotiation process with the West. Tehran sees the uplifting of sanctions as the first step on the way of tackling the nuclear problem while the economic damage is estimated to be 3-5 billion dollars per month.

There are four United Nations Security Council resolutions in force which impose sanctions against Iran. Besides, there are sanctions in effect that have been imposed unilaterally by the United States, the step to be followed by the European Union. Russia finds these measures illegitimate and damaging to the negotiation process.

At that, the European Union Foreign Affairs Council prolonged the «restrictive measures» against Tehran this March. The United States, the European Union members and other states say that, aside from the nuclear program, Iran is responsible for «serious human rights violations». The accusations of support for international terrorism had been often repeated in the past against the background of US adventurist actions like aiding terrorist groups in Syria and some other Middle East states. This issue is not on the table anymore having lost any relevance. The West omits it on purpose, it's clear for everyone that it is not Iran who acts as the main sponsor of "jihad warriors" in the region, but rather [Saudi Arabia](#) and Qatar – the US allied states. Still it's not lifting the sanctions but rather the introduction of a new discriminatory measures package against Iran that Washington is mulling over.

In recent days a number of leading Jewish groups, including [AIPAC](#), the Jewish Council for Public Affairs and the Jewish Federations of North America, have reiterated support for advancing through Congress new and enhanced Iran sanctions... The position is stated before the new round of nuclear talks [with Iran](#), no matter the administration has said on a number of occasions that Iran's position at the negotiations has become constructive after President Rouhani took office. Although the Obama administration has made clear publicly that it would prefer Congress to put off dealing with the legislation until after the next round of talks in mid-November, no sanctions have been lifted so far to frustrate the expectations on the part of Iran.

President Obama plans his own policy of responding to Iranian proposals on the nuclear program. He believes the concessions should not undermine the sanctions, something that risks becoming a national craze in the United States.

Foreign Policy has published the article called The Human Costs of the Iran Sanctions US by Professor John Gordon describing how an Iranian student was refused to be sold an IPAD in an Apple store in the state of Georgia. It was an outright national discrimination. No US law forbids American companies to sell the citizens of Iranian origin electronic devices for home use. It goes much deeper. Iranian-Americans, who are allowed under U.S. law to send money to elderly parents in Iran, cannot find any bank in the United States or Europe that will wire the funds. Charities that raised money for emergency relief in response to the devastating 2012 earthquake in northern Iran were turned down by dozens of banks as they tried to send the funds to Iran – even though they had a license from the U.S. Treasury Department.

Whatever has any relation to Iran is a forbidden thing in the United States. No matter the ban is illegal, it is in force everywhere and at any time, neither the US administration, nor Congress and states legislatures have any intent to do anything about it.

The US is weighing the possibility of unfreezing billions of dollars of Iranian assets in response to potential concessions by Tehran on its nuclear program. The move would allow Washington to give Iran some economic relief gradually without dismantling the sanctions regime which has been built internationally in the face of the Islamic Republic's failure to comply with Western demands regarding its controversial nuclear program. According to US estimates, Iran's assets frozen in foreign banks account for \$50-75 billion. Lifting the sanctions on gold transactions as a US "good will" gesture is being mulled over. Recently Tehran has stopped exporting the precious metal. The US may allow Iranian fuel export to Afghanistan where it could be used to support the US forces operations. The White House has put aside the objections on the talks between Royal Dutch Shell and Iranian oil ministry on debt settlement. Shell's debts to Iran amount to \$2.3 billion and Iran's oil ministry has formed a special workgroup to follow the talks. The last round of talks was blocked in April when Shell tried to settle the debt it owes Iran by paying in kind with grains or pharmaceuticals.

No doubt these kinds of mitigating measures cannot satisfy Iran. It wants all the sanctions lifted, first of all the ones imposed on the oil exports. According to International Energy Agency, the daily oil production in the country has fallen down to 2, 5 million barrels a day as a result of punitive measures imposed by the West. This is the lowest level in the last quarter of twenty first century while the US Persian Gulf allies have boosted oil production to historic heights. Saudi Arabia, the United Arab Emirates and Qatar jointly produced on average 16, 4 barrels a day in the third quarter of the current year, what is equal to 18 percent of world consumption. As a result, the "big four" made Iran cede its traditional position on the Asian oil market. For instance, India now gets 44% of oil it needs from the Persian Gulf countries in comparison with 36% in 2011, in the case of China the figure is 25% against 21% six years earlier. The above mentioned Persian Gulf oil producers' total income in three months is over \$150 billion. Iran's oil exports has been reduced two times – from 2, 2 to 1 million barrels a day – since the sanctions came in force at the beginning of 2012. In first half of this year the Iran's oil income was only 23 billion dollars. No matter the total export is falling down, Iran still plans to make production grow up to 4 million barrels a day. Experts believe it is quite possible that the Iranian production will rise to the level of 3, 7% barrels a day without foreign investments. The world energy market reacted to the plans to revive oil production announced by Iranian Oil Minister Bijan Namdar Zanganeh, «the revival of Iran's lost oil markets is among my top priorities», he said. According to him, «We only ask those who have replaced us in the world's oil markets to know that when we are reentering these markets they will have to accept that oil prices decline or they should

reduce their production to create enough space for Iran's oil». Iran is estimated to be storing as much as 25 million barrels in tankers anchored in its territorial waters as Tehran struggles with tougher Western sanctions on its vital seaborne export trade. With sanction lifted it could immediately get this oil to the world market.

As one can see, the European Union has joined the oil embargo to make the United States get dividends like the weakening of geopolitical rival and boosting the income of its Persian Gulf allies thanks to expanding their access to Asian markets, while West European companies are being squeezed out of Iranian oil sector. At that, nothing testifies to the fact that the Western sanctions have immediately affected the Iran's nuclear efforts. According to what the United States offers, Iran should freeze the nuclear program in exchange for getting access to its own assets abroad. This is not a proposal to justify breakthrough expectations while the talks are on.

On November 4, while marking the anniversary of US embassy compound capture in 1979, Iranian top spiritual leader ayatollah Khamenei outlined four conditions for reaching a nuclear deal. The Fordow uranium enrichment at Qom is not to be shut down, Iran goes on enriching uranium exceeding the 5% level, the construction of Arak heavy-water reactor is to continue and Iran refuses the obligation to join the International Atomic Energy Agency (IAEA) Additional Protocol on Nuclear Safeguards. The United States wanted Iran to present a concrete plan to tackle the nuclear program – here it is, you get what you want. Khamenei never believed the affirmations the United States wanted no power change in Iran as well as the assurances that the White House respected the right of Iranian people to use nuclear power for peaceful purposes.

Does this statement mean the end of all hope for reaching an agreement between the P5+1 and Iran? How will Moscow and Beijing respond? These questions remain open. After all, it's not just bilateral US-Iran talks, this is the negation process within the "P5 +1 - Iran" framework. It remains to see what it will result in.

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