



## THE IRANIAN NUCLEAR DEAL: RECENT DEVELOPMENTS

In early January 2020, following a U.S. airstrike that killed Iranian Major General Qasem Soleimani, the head of the Islamic Revolutionary Corps' expeditionary Quds Force, the confrontation between Washington and Tehran seriously escalated bringing the world to the brink of war. The situation around Iran's nuclear program also aggravated as the Iranian leadership announced that in response to the assassination of the top military commander the country would abandon its remaining obligations under the 2015 nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA). In particular, Iran decided to no longer abide by the limitations set for the number of centrifuges, which effectively meant lifting all restrictions on uranium production, enrichment, and stockpiling. The international community perceived the announcement as Iran's de-facto withdrawal from the deal, although the Iranian government stated it would continue cooperation with the International Atomic Energy Agency (IAEA) and was ready to return to full compliance with the JCPOA once U.S. sanctions were lifted.

At the same time, despite Iran's vow of "severe revenge", the latest round of escalation did not spiral into an all-out conflict. In a largely symbolic move, Tehran retaliated by firing ballistic missiles at two military airbases housing U.S. forces in Iraq, with no casualties, while U.S. President Donald Trump, in an address to the nation, confined himself to announcing new economic sanctions against Tehran and called for new negotiations. The downing of a Ukraine International Airlines plane by the Iranian air defense, which Iran initially denied, played some role in the cooling of tensions, too. Nevertheless, while both sides saved faces, the question of whether Iran will move closer toward obtaining a nuclear weapon after the suspension of its JCPOA commitments remains open.

In fact, Iran started to move away from the terms of the agreement in May 2019, exactly a year after the Trump administration unilaterally withdrew the United States from the JCPOA. Tehran was unsatisfied with how the remaining parties to the deal, China, France, Germany, the United Kingdom and Russia, implemented their promises to mitigate the consequences of the reintroduction of stringent U.S. sanctions aimed at crippling Iran's economy. The Instrument in Support of Trade Exchanges (INSTEX), established in January 2019 by the European powers to facilitate financial transactions with Iran, is yet to become fully operational, while European companies are unwilling to put their commercial interests at risk. As a result, Iranian President Hassan Rouhani set a 60-day deadline for the JCPOA counterparts to bolster efforts to protect Iran's foreign trade, oil industry and banking sector

from U.S. economic penalties. Since then, Tehran adopted the "less for less" approach, gradually suspending, in five stages, the execution of its commitments undertaken under the deal. Despite calls from other JCPOA participants to refrain from such steps, Iran increased its enriched uranium stockpile beyond the 300-kg threshold, surpassed the cap on heavy water, enriched uranium above the level of 3.67%, renounced limits on nuclear research and development by activating advanced centrifuges, and resumed operations at the Fordow nuclear facility. At the same time, the Iranian leadership kept emphasizing that all those steps would be reversed as soon as Iran enjoyed the benefits agreed under the JCPOA. Tehran justified its actions as consistent with the nuclear deal claiming that the U.S. withdrawal from the JCPOA and re-imposition of sanctions serve as a legal ground for ceasing to perform its commitments.

In his January 2020 address, Donald Trump asserted that Iran would never be allowed to have a nuclear weapon as long as he was the U.S. president. He also urged the remaining JCPOA signatories to join the United States in negotiating a replacement for the deal that would allow constraining Iran's nuclear ambitions. However, Trump's call was largely unheard as China, France, Germany, Russia and the UK once again confirmed that they would remain committed to their JCPOA obligations. Meanwhile, it appears that London is the weakest link in the consolidated European position on the JCPOA as British Prime Minister Boris Johnson admitted that it could be replaced by what he called "the Trump deal" (BBC, 2020). In any case, the European powers could not ignore Tehran's decision to suspend all JCPOA restrictions and triggered the agreement's dispute resolution mechanism in a hope to bring Iran back into full compliance with the nuclear deal. In their joint statement, the foreign ministers of France, Germany and the UK insisted that Iran's line of behavior is inconsistent with the JCPOA provisions and has non-reversible proliferation implications. They also rejected the argument that Iran has a legal ground to cease implementing the nuclear deal.

The launch of the dispute resolution mechanism announced by the European troika means that Iran and other five signatories of the deal have to resolve their differences over a 65-day period. If they fail to do so, the Iranian side could be declared in breach of its obligations, which may result in the UN Security Council reimposing international sanctions on Iran. Iran's Foreign Minister Mohammad-Javad Zarif reacted by saying that the troika's decision is "legally baseless and a strategic mistake from a political standpoint". The Russian Ministry of Foreign Affairs expressed its "deep disappointment and serious concern" stating that

such a step could lead to a new escalation around the JCPOA and make impossible a return to its implementation. Moscow argued that Iran had suspended its voluntary obligations in response to the U.S. violations, while its nuclear program remains under the "unprecedented" constant control of the IAEA. Russia also pointed out that Iran would not have reasons for refusing to comply with the JCPOA if other parties, including the European states, better implemented their part of the deal. The Russian diplomatic service urged its European partners to abandon steps that call into question the JCPOA prospects. In its turn, China also regretted the decision made by the European powers saying that it would not "help solve any problem or ease any tensions".

Many observers fear that bringing the JCPOA issue before the UN Security Council will lead to the collapse of the nuclear deal. It seems, however, that Berlin, London and Paris will not rush with the dispute resolution process. As stated by EU High Representative for Foreign Affairs and Security Policy Josep Borrell after extensive consultations with all the JCPOA participants, the mechanism's timeline has been extended due to the complexity of the issues involved. Besides, Iran continues constructive cooperation with the IAEA as the agency's inspectors remain in Iran monitoring its nuclear facilities and ensuring that sensitive materials are not diverted to military use. According to new IAEA Director General Rafael Grossi, Iran has not made any further breaches of the nuclear deal after implementing the final stage of scaling back its commitments in January 2020. Speaking at the 2020 International Conference on Nuclear Security recently held in Vienna, Ali Akbar Salehi, the head of Iran's Atomic Energy Organization, reminded the European stakeholders of their role in saving the JCPOA through fulfilling their commitments irrespective of the U.S. pressure.

It remains to be seen how the situation around the Iranian nuclear deal will unfold, although it is clear that the Trump administration's "maximum pressure" policy against Iran has not succeeded in forcing Tehran to negotiate a new, more comprehensive, version of the 2015 deal. Instead, Iran has rolled back its adherence to the existing agreement, while its regional policy in the Middle East has become more belligerent. Iran leaves open the possibility that it will return to the implementation of its commitments if other JCPOA parties take meaningful steps to compensate for the damage inflicted by U.S. sanctions. If they do not intensify diplomatic efforts and provide Iran with real economic incentives, there is a risk that Tehran will reduce its nuclear breakout time (the time required to produce enough weapons-grade material for one nuclear weapon) from about a year to several months.

## Politics, Foreign Affairs, and Security

- Speaking at a panel session of the 56<sup>th</sup> Munich Security Conference entitled “Geography matters: An Update on Central Asia”, President of Kazakhstan Kassym-Zhomart Tokayev shared his vision of solving security issues in the region and informed participants about Kazakhstan’s foreign policy priorities. The president also touched upon measures taken by the country to combat drug trafficking, as well as Kazakhstan’s contribution to countering terrorism, dwelling on the outcomes of the “Jusan” and “Rusafa” humanitarian operations (Akorda, 15.02.2020).
- Uzbekistan will establish the Ministry of Mahalla and Family Affairs, which will bring together 40,000 employees of the country’s mahalla committees (neighborhood-level self-governance organs) and relevant local officials. According to Uzbek President Shavkat Mirziyoyev, mahalla committees currently perform over 200 different tasks, and their small staff (two employees) is incapable to deal with such a volume of work (Fergana, 12.02.2020).
- In the framework of the regional high-level conference on terrorism convened in Vienna by the OSCE, the UN Office of Counter-Terrorism and Switzerland, Turkmenistan presented its national strategy for the prevention of violent extremism and countering terrorism for 2020-2024. To implement the document, the Turkmen government created a working group consisting of representatives of 24 state bodies and non-governmental organizations (MFA of Turkmenistan, 12.02.2020).
- The heads of Azerbaijan and Armenia, Ilham Aliyev and Nikol Pashinyan, publicly discussed the issue of Nagorno-Karabakh during the 56<sup>th</sup> Munich Security Conference. President Aliyev maintained that the disputed region was historically a part of Azerbaijan. Arguing with his counterpart’s claim, Prime Minister Pashinyan suggested a phased pullback from the previous tough positions of the parties. Aliyev stated that he was not against a gradual resolution of the conflict, but demanded from Armenia to stop financing Nagorno-Karabakh and withdraw troops from there (Deutsche Welle, 16.02.2020).
- As stated by Russian Deputy Defense Minister Nikolai Pankov, Moscow plans to deploy air defense systems at the Russian airbase in the Kyrgyz town of Kant. The statement was made during a hearing at the State Duma on the ratification of the bilateral protocol on the conditions of stay of the Russian military base in Kyrgyzstan. Russia also plans to deploy a unit of unmanned aerial vehicles and modernize the infrastructure of the Kant airdrome (RIA Novosti, 11.02.2020).
- President of Moldova Igor Dodon attended an extended meeting of the board of the country’s Ministry of Foreign Affairs and European Integration. According to Dodon, Moldova’s national interest requires both the implementation of the association agreement with the European Union and the development of strategic partnerships agreed with Western and Eastern states (Moldpres, 11.02.2020).

## Economy, Finance, and Energy

- Trade between Iran and the Eurasian Economic Union (EAEU) equaled \$1 billion since a bilateral preferential trade agreement came into effect in October 2019. Iran’s exports carried out under the agreement stands at \$87 million, while the EAEU exported goods worth \$533 million. Iran’s total exports and imports to and from the five EAEU member states reached \$347 million and \$655 million, respectively (Financial Tribune, 11.02.2020).
- As announced during the 10<sup>th</sup> round of political consultations between Kazakhstan and South Korea held in Seoul, the volume of trade between the two countries increased by 66% and reached \$6.5 billion in 2019, with a further growth expected in 2020. The South Korean side indicated its interest in cooperating with Kazakhstan on nuclear energy and the construction of technology parks, hospitals and clinics (MFA of Kazakhstan, 11.02.2020; Kazakh TV, 12.02.2020).
- Kazakhstan’s Kusto Group and U.S. Tyson Foods will construct a meat processing plant worth \$300 million in the Almaty region. When completed, the enterprise is expected to process 500,000 heads of cattle per year, while its planned daily capacity is 2,000 heads of cattle. The plant will work in two shifts, employ up to 4,000 workers and create a total of 20,000 jobs (Forbes Kazakhstan, 14.02.2020).
- Kyrgyzstan appealed to the World Trade Organization (WTO) because of difficulties in crossing the border with Kazakhstan by Kyrgyz trucks. According to the Kyrgyz Ministry of Economy, since March 2019, there have been significant delays in the movement of transit goods from Kyrgyzstan caused by tightened checks by Kazakh border authorities. Based on the WTO norms, Kyrgyzstan demanded from Kazakhstan to immediately remove hidden trade barriers and provide unhindered transit routes to Kyrgyz freight forwarders (24.kg, 14.02.2020).
- The government of Uzbekistan plans to prepare a draft program for poverty reduction in cooperation with the UN, World Bank and other international organizations before August 1, 2020. The document will contain the definition and criteria of poverty and offer a range of measures to develop the population’s business and entrepreneurial skills, particularly among youth and women. According to Uzbek officials, the number of low-income people in Uzbekistan is 5 million (Kun.uz, 11.02.2020).
- Speaking at a government meeting, Russian President Vladimir Putin marked positive trends in Russia’s macroeconomic indicators as the country’s GDP growth totaled 1.3% and the industrial production index went up 2.4% in 2019. Putin instructed the government to launch a new investment cycle, which will help the national economy grow above the global average and achieve an annual investment growth rate of 5-7% (TASS, 12.02.2020).

## Society and Culture

- At the 43<sup>rd</sup> session of the Islamic Commission for Economic, Cultural and Social Issues of the Organization of Islamic Cooperation (OIC) held in Jeddah, representatives of the member states reviewed a number of social and cultural issues, including cooperation in the field of science and technology, water, climate and environment, family and health matters. Among others, the commission unanimously approved the proposal of Kazakhstan to celebrate the 1150<sup>th</sup> anniversary of Abu Nasr Al-Farabi within the framework of the OIC (Kazinform, 14.02.2020).
- A solemn ceremony dedicated to the opening of the Year of Abai was held in Ankara. Turkish politicians and public figures took part in the event organized with support of the ministries of culture of the two countries and the embassy of Kazakhstan in Turkey. The ceremony included performances of Abai’s popular romances by prominent Turkish musicians accompanied by Turkey’s Presidential Symphony Orchestra (Kazakh TV, 12.02.2020).
- The number of people that left Kazakhstan in 2019 reached 45,231, which is nearly 8% more than in 2018 (41,894). Of this number, 40,933 people went to CIS countries and 4,298 people migrated to other countries. The 2019 net migration balance was negative, amounting to -32,973 people, which is higher than a negative balance of 29,109 recorded in 2018 (Kursiv, 14.02.2020).
- Kyrgyz authorities simplified child adoption procedures and plan to create a unified database of children to be adopted, which is expected to eliminate corruption risks and ensure complete transparency of the entire process. According to the country’s Ministry of Labor and Social Development, each potential foster parent will be provided with a personal code and be able to freely use a database without intermediaries (Kabar, 10.02.2020).
- According to Tajikistan’s Academy of Sciences, the country has become a member of the World Glacier Monitoring Service. Currently, Tajik scientists calculate the exact number of glaciers in the country and study their condition. In 2019, 12 expeditions to glaciers were carried out for this purpose, and 10 more expeditions are planned in 2020. After the completion of the study, the academy will publish 12 volumes of the catalog of Tajikistan’s glaciers (Avesta, 12.02.2020).
- The Russian State Duma ratified an intergovernmental agreement concluded by Russia and Tajikistan in April 2019 on the construction and support of five Russian-language schools in the cities of Dushanbe, Kulob, Khujand, Bokhtar and Tursunzoda. After completion, each school will be capable to host up to 1,200 students, who will be taught in accordance with Russia’s educational standards. The Tajik side ratified the document in January 2020 (Avesta, 12.02.2020).