

## 5 CHAPTER

## *Issues Related to USA*

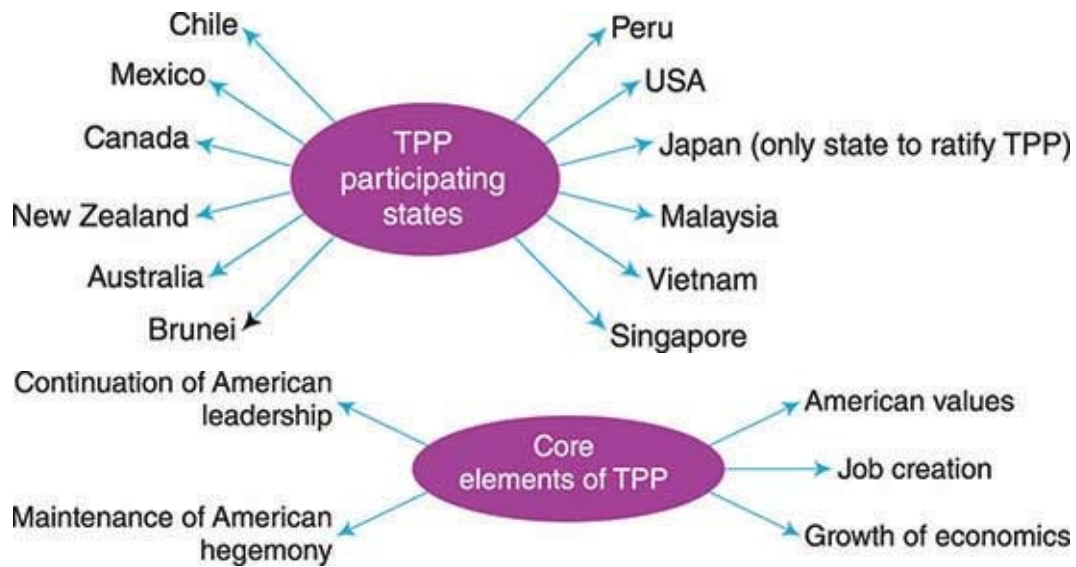
*After reading the chapter, the reader will be able to develop an analytical understanding on the following:*

- Trans Pacific partnership
- Pivot to Asia
- Iran nuclear deal and US

### **ISSUE 1: OBAMA'S TRANS-PACIFIC-PARTNERSHIP AND TRUMP'S POLICY**

Trans Pacific Partnership (TPP) is a trade agreement drafted in 2015 aimed to promote US exports to other participating countries, namely, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. TPP was designed to help the US economy to grow and help the US create jobs. Any USA farmer, entrepreneur or businessman would find it easy to sell his products in participating countries. The TPP has contributed to abolish more than 18000 taxes and barriers, making it easy for US companies to sell abroad. For the US, the TPP was a strategic goal as a strong US economy is at the core of its national interests and its global hegemony. Its national security is largely dependent on its economic performance. Since World War-II, the global trading system has been dominated by the US, which has lent the country tremendous stability in the global order. However, though it has always followed an open and a transparent model of global trade, in the recent times, it has been challenged by some less transparent and open models (for instance, China). Thus, the US felt the need to rewrite its trade rules for US firms to work effectively. The TPP established new rules for trade to help the US economy grow and allow it to maintain its hegemony. The US wants its values to be assimilated by other states, which could only happen if US standards are followed by other states. The USA, under TPP, established rules related to labour laws, environmental standards and so forth. These rules would have to be adhered to by the participating states and once adhered to, would strengthen US ties with its allies and contribute to the rebalancing of Asia.

In the TPP, the US set up very high standards in strategic areas. It advocated for free interest, free flow of information, ensuring strong IPR regimes, strong fair market access and ensuring that public sector firms of participating states don't take undue advantage. Between the US and other participating countries, TPP eliminated import duties on the manufacturing items as also 70% duties on automobiles and 5% duties on US-based IT exports. It also eases out farm exports. The TPP was a grand American plan to increase presence in the backyard of China.



After Donald Trump was elected as US President in January, 2017, he signed a presidential memorandum and withdrew the US from the TPP as a participating state in the same month. Trump believes that the TPP is an unfair agreement that will lead to loss of jobs for American workers and hurt the bottom lines of US firms. He believed that TPP strengthens states like Vietnam, Malaysia and others that have cheap labour there by hurting US workers. Trump has fulfilled his political promise of withdrawing the US from TPP for the benefit of American workers but he now has an uphill task of evolving a new trade policy for the benefit of US workers. In the short run, the withdrawal of the US from TPP is beneficial for US workers. The manufacturing firms in the US would not have to worry about cheap inflow of garments from Vietnam. It is a relief for the farmers as they may not have to worry about agricultural produce flooding the markets from Australia. Trump's withdrawal is in sync with his vision of 'making America great again'.

## ISSUE 2: US–IRAN NUCLEAR DEAL OF 2015 AND REGIONAL IMPLICATIONS

In 1953, the US president Eisenhower gave a speech at the UN General Assembly entitled 'Atoms for Peace' (AFP). The US was determined to use atomic technology for peaceful purposes within and amongst developing countries for civilian nuclear programmes. The recipient states were to use the nuclear technology only for civilian and peaceful purposes. The Iranian Nuclear programme (INP) began in 1957 when Mohammad Reza Shah of Iran entered into an agreement to cooperate on civilian use of atomic energy. In 1959, in the University of Tehran, the Iranian Shah established the Tehran Nuclear Research centre and initiated negotiations with the US under AFP for civilian nuclear support. In 1967, the US established a 5 Mega Watt Nuclear reactor with highly enriched uranium fuel to fuel the reactor at the Tehran Nuclear Research Centre (TNRC), which had the capacity to produce 600 grams of plutonium per year in spent fuel. Akbar Etemad was the father of the INP. Under the AFP, Iranian scientists also got an opportunity to get trained in the US. In 1974, Iran created the Atomic Energy Organisation of Iran to achieve the target of training manpower for 20 reactors in the next 20 years. Subsequently, in 1975, the Atomic energy organization of Iran and MIT entered into an agreement to train Iranian nuclear scientists.

Things changed after the 1979 Iranian Revolution. When the rule of the Shah came to an end in 1979, the US suspended all nuclear cooperation with Iran. Iran, on the other

hand, continued to receive support from Russia, China and Abdul Qadeer Khan's nuclear arms bazaar. Russians helped Iranians in building a heavy water reactor in Iran which had capabilities to produce weapons grade plutonium. China assisted Iran with two sub critical reactors and electromagnetic isotope separation technology for the Esfahan Nuclear technology centre. Pakistan provided Iran with P-1 and P-2 centrifuges which were used to enrich the uranium. Pakistan also gave Iran technical drawings and advanced design for reactors. Initially, Ayatollah Khomeini reduced the intensity of the INP but the 1980 Iran–Iraq war brought about a rethinking in Iran about its nuclear programme. In 1983, Iran asked the IAEA to provide Iran assistance for technical help in setting up of a plant to provide Uranium Hexafluoride (UF<sub>6</sub>) required for enrichment. With assistance for France, Iran had established a home grown facility to develop nuclear fuel at Esfahan Nuclear Technology Centre (ENTEC). The IAEA, under Article X1-A of its statute, was obligated to help a member state with such a project. In the same year, a team from the IAEA visited ENTEC to assist Iran with local expertise. Finally, due to US pressure, however, the IAEA did not initiate any support.

The time progressed, the US applied more pressure on the IAEA and other states not to assist Iran. In 1995, then Iranian President Rafsanjani decided to break the ice and began to improve ties. He gave a firm named Conoco a contract on 6th May, 1995, to develop an Iranian offshore oil field in the Persian Gulf but the Clinton administration prevented the firm from going ahead. Clinton continued sanctions against Iran while Rafsanjani signed an agreement with Russia to begin work on completing the incomplete Bushehr plant. From 1976 to 2003, as per the subsidiary arrangements of the safeguards agreement between Iran and the IAEA, Iran had to report any new facility to the IAEA within 180 days along with providing information on any new location or outside facility. Since 1992, the subsidiary arrangement which were part of the safeguard agreement began to change but Iran was not a party to change in the safeguard agreements till 2003. The Iranian opposition party, Mujaheden Khalaq Organisation (MKO), revealed that Iran had established a secret facility at Natanz. As Iran was not a party to the changing safeguard agreements till 2003, by not declaring the Natanz facility within 180 days, it did not violate any legal obligation of the IAEA.

Since 1992, the Board of Governors at the IAEA began to accept the subsidiary Arrangement called modified code 3.1 which required a member state to notify any decision to setup a new facility immediately. In 2003, Iran agreed to abide by the modified code 3.1, but as the US sanctions continued, Iran refused to finally ratify the code. Iran began negotiations with the EU–3, that is, Britain, France and Germany. The talks led to the adoption of Sadabad Declaration between Iran, Britain, France and Germany, whereby Iran decided to suspend all uranium enrichment. This was followed in 2004 with the Paris agreement. Under this, it was agreed that Iran and EU–3 will look for a long term agreement to ensure an INP for peaceful purpose. The Sadabad Declaration and the Paris Agreement failed as Iran could not get a security guarantee for any attack on Iran. Iran said that it got a box of chocolates out of the deals which was empty. Since 2006, Iran resumed enriched at its facility in Natanz. The belligerent policy of the US on Iran gave rise to a hardliner in Iran, Mahmoud Ahmadinejad, who became the next president. The refusal of Iran to ratify the modified code 3.1 led the US to send the Iranian dossier for sanctions to the UN Security Council.

In 2009, Iran sent a letter to the IAEA declaring that it is constructing a second uranium enrichment facility at Fordo under the mountain. As the Iranian Majles had not ratified the modified code 3.1, it was not bound to follow. Tensions between the US and Iran continued. In 2006, China, Russia and the US joined the group of EU-3, becoming the P-5+1. Germany was a key trading partner of Iran and its nuclear programme depended upon German products and services. German firms like Siemens, Mercedes, Lurgi, Krupp, and Volkswagen were also heavily operational with Iran. The negotiations of P-5+1 did not yield any results due to the presence of the hardliner Ahmadinejad. In 2012, with the election of Hassan Rouhani, things began to progress further. The first success was achieved in 2013 as per the Geneva Accord, where a Joint Plan of Action was achieved. It was further negotiated upon, leading to a final Joint Plan of Action (JPOA) in June, 2015. The 2013 Geneva deal acknowledged that Iran has to accept that it would not enrich Uranium for a nuclear bomb. The deal accepted the fact that it is a step-by-step solution where actions by Iran in good faith shall gradually lead to a comprehensive solution, and would finally involve an integrated whole, where nothing would be agreed upon until everything would be agreed upon. Under the Geneva agreement, Iran was not to enrich Uranium beyond 5%. Iran would make no advances of activities at facilities in Natanz, Arak and Fordo.

In 2015, under the Lausanne framework joint comprehensive plan of action, Iran has agreed not to enrich uranium beyond 3–6%. It retains the right for a peaceful nuclear programme. Iran would cut centrifuges from 19,000 to 6,104, with 5,060 centrifuges for enrichment. This makes it tough for Iran to make a bomb. Iran would also reduce its stockpile from 10,000 kgs to 300 kgs, ensuring transparency in its peaceful use of nuclear technology. The IAEA will access all nuclear facilities of Iran and there will be gradual lifting of sanctions. Iran has to address the concerns of the IAEA related to possible military dimensions of its nuclear programme and has to redesign the heavy water facility at Arak and transform the Fordo facility into a physics research centre.

The Middle Eastern states had a mixed response to this arrangement. Hezbollah leader Hassan Nasrallah and the Lebanon's speaker Nabih Berri welcomed the deal, along with the Syrians. Saudi Arabia felt that the Iran deal allowed Iran to maintain a nuclear threshold and that the elimination of sanctions will economically revive Iran. A strong Iran will allow it to assert its hegemony over Lebanon, Iraq, Yemen and Syria. Though Israel has criticised the deal, we need to remember that Israel has actually never witnessed any existential threat from Iran. It has, however, faced regional competition post withdrawal of sanctions. For Israel, the real issue, therefore, is not the bomb but the regional balance of power. A nuclear Iran, even for civilian use, threatens the decade-old strategy of allowing Israel to be an unrivalled military power of the Middle East. Israel knows that allowing Iran to have a civilian nuclear facility means that Iran too shall have the flexibility to turn military in nature at a short notice. Such a situation would severely delimit the ability of Israel to be the only player in the Middle East to establish regional hegemony with 200-plus unmonitored nuclear warheads. For Saudi, the revival of the regional GCC to prepare for a long term confrontation with Tehran is the only option. A renewed attempt to strengthen the Saudi–Pakistan axis is already underway. Iran has decided to follow the Chinese model. The idea is to get the sanctions removed and get rich and then use the wealth to establish Iran as a regional hegemony. Israel and Saudi Arabia both fear the

dominance of Iran stretching from Beirut, Damascus to Bagdad and Aden. This fear is disturbing the balance of power in the Middle East post the 2015 Nuclear Deal.

### **ISSUE 3: THE US'S PIVOT TO ASIA AND ASIAN REBALANCING INITIATIVE**

The strategic contours of Asia are being recast by the rise of China and its assertion. As the Obama administration ended US involvement in the wars in Iraq and Afghanistan, it began to shift to the Asia-Pacific region to secure American interests and values. The word used by Obama in this regard was 'rebalancing,' signifying readjustments of the US presence from Europe and Middle East to the Asia-Pacific. While the US offered the terminology of 'rebalancing' the global media loves to call it the USA's 'pivot to Asia' policy. It was only during George W Bush (II)'s second term that the USA realised a need to deter a rapidly aggressive and hegemonic China from playing a negative role in Asia-Pacific.

When Obama became the President, his national security team prepared a sheet of assets and liabilities for the administration in foreign policy. The US found China to be critical to US on issues of global significance ranging from Afghanistan to North Korea to trade. However, aggressive military modernisation by China raised alarm bells in the strategic community of the US. Obama's strategy to manage China was simple. He ensured that China would not be viewed as an adversary but a cooperative partner in resolving global crises and issues within the framework of international law, ensuring that China does not resort to the use of force or intimidation. Obama also ensured that China's rise would not destabilise the existing order of the Asia-Pacific and that China would not act antagonistically to the allies and friends of the US. To manage China through his rebalancing strategy, Obama adopted an adequate mixture of military, economic, political and ideological elements by covering a wide geo-strategic space from Southeast Asia to Asia-Pacific, ensuring a confluence of Asia-Pacific and main allies of the US who feel that China may eventually not only project power as a regional hegemony but may try to lock out the US from the region completely.

As China is economically more empowered than the US, the US has understood that a rising China should not be contained but should be effectively balanced. To achieve this balance, USA has launched its rebalancing initiative. Militarily, under rebalancing, the US intends to deploy 60% of its naval strength in Asia, leaving 40% for other regions. The US, under the Pivot to Asia, has initiated a programme to strengthen its relationship with its key allies, such as Japan, South Korea and Australia. It has decided to augment strategic and military capabilities through strategic partnerships with India, Singapore, Indonesia, Vietnam and Malaysia. To put up a viable strategic front in the region, ideas like USA-Japan-India-Australia quadrangles at the strategic level have been floated. An economic component of the Pivot was the TPP, but, the Trump administration has withdrawn the USA from the agreement. The US wants to use the Pivot to counter China at the ideological level, using the values of democracy and human rights.



India knows that nearly 65% of global raw material being in Asia gives enough impetus to the US to look towards Asia to grow its own economy. China feels that, since the end of Cold War, the allies of USA in Asia have economically become more integrated to China through forums like ASEAN. It feels that the US is concerned about its future with the allies and intends to reinforce some sort of unity amongst them, compelling them to rebalance their relationships. China has thus decided to remain more stable and strong in the face of any crisis. The Chinese have responded to US through their Belt and Road Initiative. If the USA, through the Pivot, wants to enter into the Chinese backyard, then China would enter Europe, which has been USA'S strategic sphere, through its Belt and Road initiative. China, however, says that it needs to cautiously watch the USA's military deployments in the region as it is directing its Air Sea Battle (ASB) at China where it may use air power and sea power to attack Chinese strategic land targets. This, China perceives, could lead to a new arms race, as a fallout of the US's rebalancing. China therefore deduces that it should develop both defensive and offensive capabilities.

As the Indo–USA relations are in an upswing, India, through its Act East Policy, has decided to shift from benign neglect of the South East Asian region to an active engagement with it. India has elevated its relationship to special strategic and global partnership level with Japan while trying to add more strategic content in its relationships with Australia, Vietnam, Singapore, Malaysia and South Korea. India has favoured a cooperative framework in the Asia-Pacific to ensure a prosperous Asia. India is also willing to take up responsibilities to work closely with the USA to create an inclusive, secure and stable network of interdependence which is participatory in nature for all nations in Asia.