



Iran, US trade barbs ahead of renewed sanctions on Tehran

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The first salvo of sweeping US sanctions against Iran will be reimposed later Tuesday as the two countries traded fresh accusations and Tehran dismissed President Donald Trump's offer of talks on a new nuclear deal.

Trump's withdrawal from the historic 2015 nuclear accord in May and the reimposition of embargoes has infuriated his European partners, as many western businesses operating in Iran could now find themselves on the wrong side of the US.

The first round, which are due to take effect at midnight in Washington (9am in Tehran), targets the Islamic republic's access to US banknotes and key industries including cars and carpets.

"The Iranian regime faces a choice," Trump said in a statement as the clock ticked down on Monday. "Either change its threatening, destabilizing behavior and reintegrate with the global economy, or continue down a path of economic isolation."

"I remain open to reaching a more comprehensive deal that addresses the full range of the regime's malign activities, including its ballistic missile program and its support for terrorism," he added.

But Iranian President Hassan Rouhani was unimpressed with the offer.

"If you're an enemy and you stab the other person with a knife, and then you say you want negotiations, then the first thing you have to do is remove the knife," he said in an interview on state television.

"They want to launch psychological warfare against the Iranian nation," Rouhani said. "Negotiations with sanctions doesn't make sense."

European dismay

Iran's currency has lost around half its value since Trump announced the US would withdraw from the nuclear pact.

That has ramped up tensions inside Iran, which has seen days of protests and strikes in multiple towns and cities over water shortages, high prices and wider anger at the political system.

Severe reporting restrictions have made it impossible to verify the swirl of claims making their way through social media.

Journalists did, however, confirm a heavy buildup of riot police and a mobile internet blackout Sunday night in the town of Karaj, just west of Tehran, which has been a focal point of unrest.

The second phase of US sanctions, which takes effect November 5 and will block Iran's oil sales, is due to cause more damage, though several countries including China, India and Turkey have indicated they are not willing to entirely cut their Iranian energy purchases.

The European Union's diplomatic chief Federica Mogherini said the bloc deeply regretted Washington's move.

"We are determined to protect European economic operators engaged in legitimate business with Iran," she said in a statement.

Many large European firms are leaving Iran for fear of US penalties, and Trump warned of "severe consequences" against firms and individuals that continued to do business with Iran.

Iran's Foreign Minister Mohammad Javad Zarif told reporters the global reaction to Trump's move showed that the US was diplomatically "isolated," but acknowledged the sanctions "may cause some disruption."

Rouhani's government has taken emergency measures to stem the collapse of the rial and brace for the return of sanctions.

On Sunday, it eased foreign exchange rules, allowing unlimited tax-free currency and gold imports, and reopening exchange bureaus after a disastrous attempt to fix the value of the rial in April led to widespread black-market corruption.

With senior religious authorities calling for a crackdown on graft, the judiciary said Sunday it had arrested the central bank's foreign exchange boss, along with a government clerk and four currency brokers.

Sanctions and talks

The measures appeared to calm the markets, with the rial strengthening to 95,500 to the dollar -- up a fifth on its record-low of 119,000 a fortnight ago.

The US sees the sanctions "as a tool to pressure Iran to come back to the negotiating table to rehash the nuclear deal on terms more to Trump's liking. That is not going to happen," said John Glaser of the Cato Institute.

Two countries that have welcomed increased pressure on Iran are its key regional rivals, Israel and Saudi Arabia.

Israeli Prime Minister Benjamin Netanyahu hailed the renewed sanctions as "an important moment for Israel, for the US, for the region, for the whole world."

There have been ongoing rumours that Trump and Rouhani could meet in New York in September at the United Nations General Assembly -- though Rouhani reportedly rejected US overtures for a meeting at last year's event.

But that came less than two weeks after a bellicose exchange between the two presidents, with Rouhani warning of the "mother of all wars" and Trump responding with an all-caps Twitter tirade against Iran's "DEMENTED WORDS OF VIOLENCE."