Syllabus subtopic: Effect of policies and politics of developed and developing countries on India’s interests, Indian diaspora.

News: Paris, London and Berlin on Saturday welcomed six new European countries to the INSTEX barter mechanism

Prelims focus: about INSTEX barter mechanism, working and members

Mains focus: the significance of the move, U.S-Iran issue and its impact on India’s trade with Iran and other aspects of the geopolitics

What is it?

The Instrument in Support of Trade Exchanges (INSTEX) is designed to circumvent U.S. sanctions against trade with Iran by avoiding use of the dollar.

Founding members: France, Germany and the United Kingdom

Six new members: Belgium, Denmark, Finland, the Netherlands, Norway and Sweden

Its objective:

- The Paris-based INSTEX functions as a clearing house allowing Iran to continue to sell oil and import other products or service in exchange. The system has not yet enabled any transactions.

Conclusion:

The accession of the six members strengthens INSTEX and demonstrates European efforts to facilitate legitimate trade between Europe and Iran.

Note:

Click on the following links for a detailed overview about US-Iran tussle and its impact on the Indian economy