



INSTEX Barter Mechanism

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Why in News

Six Countries - Belgium, Denmark, Finland, the Netherlands, Norway and Sweden have recently joined INSTEX.

Key Points

- A trade mechanism '**Instrument in Support of Trade Exchanges (INSTEX)**' was established by **France, Germany** and the **United Kingdom** in **January 2019** to allow European entities to maintain trade with Iran.
- The mechanism has been designed to **circumvent U.S. sanctions against trade with Iran** by avoiding the use of the dollar.

The United States imposed sanctions, after it withdrew from Iran nuclear deal, known as the **Joint Comprehensive Plan of Action (JCPOA)**, in 2018.
- This Paris-based mechanism **functions as a clearing house** allowing Iran to continue to sell oil and import other products or services in exchange.
- The mechanism represents continuing commitment of France, Germany and the UK to the JCPOA.
- It has been seen that the system **has not yet enabled any transactions.**

Source: TH