

'IT'S NOT OVER BECAUSE THERE'S STILL NUCLEAR MATERIAL'

TEHRAN

Iran yesterday said it had demanded the release of its frozen assets and the end of a U.S. blockade of its ports, after President Donald Trump angrily rejected Tehran's terms for ending the Middle East war.

The sharp exchange of messages raised the spectre of a return to open conflict in the Gulf, dashed hopes of a quick negotiated deal to reopen the Strait of Hormuz to commercial shipping and sent oil prices higher.

Trump reacted with fury after Iran responded to the latest US proposed outline for peace talks with a counteroffer he deemed, in a brief social media post, "TOTALLY UNACCEPTABLE".

The impasse unnerved global energy markets, with international benchmark Brent crude prices rising 4.65% to \$99.95 a barrel during early Monday trade in Asia.

The U.S. leader did not say what had offended him in Iran's response, but Tehran's foreign ministry said it had called for an end to the US naval blockade and to the war "across the region".

NO END TO DEADLOCK AS IRAN, U.S. REJECT TALKS TERMS

implying a halt to Israel's strikes targeting Hezbollah in Lebanon.

Crucially, ministry spokesman Esmail Baqaei told reporters, Iran demanded

the "release of assets belonging to the Iranian people, which have for years been unjustly trapped in foreign banks".

This would suggest not just a return to the status quo before the United States and Israel launched the war on February 28, but a victory for the Islamic government's long-standing campaign against economic isolation.

"We did not demand any concessions. The only thing we demanded was Iran's legitimate rights," Baqaei said.

An end to international sanctions would also diminish Washington's leverage over Tehran as it tries to secure a lasting end to Iran's nuclear enrichment.

The U.S., Israel and

RESTRAINT OVER

As diplomatic momentum appeared to dwindle, fresh drone attacks in the Gulf on Sunday rattled the ceasefire.

The United Arab Emirates said its air defences intercepted a drone attack launched from Iran, while Kuwait reported "hostile drones" in its airspace.

Qatar's defence ministry also said a freighter arriving in its waters from Abu Dhabi was hit by a drone.

In a social media post on Sunday, the spokesman for the Iranian parliament's national security commission warned Washington: "Our restraint is over as of today."

"Any attack on our vessels will trigger a strong and decisive Iranian response against American ships and bases," Ebrahim Rezaei said.

their allies have long accused Iran of seeking an atomic bomb, an accusation Tehran has repeatedly denied.

IT IS NOT OVER

Israeli Prime Minister Benjamin Netanyahu insisted the conflict would not end, until Iran's nuclear facilities

are destroyed.

"It is not over, because there's still nuclear material — enriched uranium — that has to be taken out of Iran," he told U.S. broadcaster CBS's 60 Minutes.

"There are still enrichment sites that have to be dismantled," he said.

The *Wall Street Journal*, citing people familiar with the matter, said Iran's counter-proposal had included the possibility of diluting some of its highly enriched uranium, with the rest transferred to a third country.

Iran had sought guarantees that the transferred uranium would be returned if negotiations failed or Washington abandoned the agreement, sources told the *Journal*.

Trump is expected to press China's President Xi Jinping — a major buyer of Iranian oil — on the Iran issue when he visits Beijing on Thursday, according to a senior US official.

The lack of a path to a resolution has focused concern on the Strait of Hormuz, where Iran is restricting maritime traffic and setting up a payment mechanism to charge tolls for crossing ships.

USA officials have stressed it would be "unacceptable" for Tehran to control the international waterway — the export route for a fifth of the world's oil.

The U.S. Navy is also blockading Iran's ports, at times disabling or diverting ships heading to and from them.

AFP

Trump