

Iran and the European Union after the Nuclear Deal

Radosław FIEDLER*

Abstract

This article is focused on relations between the European Union and Iran after the Joint Comprehensive Plan of Action (JCPOA). The nuclear deal gave Iran a unique chance for developing cooperation with the EU. There are challenges to this, such as the Iranian autocratic system, its violation of human rights, its regional ambitions which threaten stability and, last but not least, the United States' unilateral withdrawal from the JCPOA. The failure of the EU's policy towards Iran might have negative consequences for regional security. This article presents both the potential benefits and problems in relations between Iran and the EU.

Keywords: European Union, Iran, nuclear deal, sanctions, foreign policy

Introduction

The issue of EU-Iranian relations is composed of different topics, from trade to political relations. Most publications have been focused on relations between the EU and Iran within the Critical Dialogue and Comprehensive Dialogue (Sturwe, 1998; Rudolf, 1999; Kausler, 2012). A broader perspective of EU-Iranian relations has been presented in *Iran-Europe relations. Challenges and opportunities* (Mousavian, 2008). Another topic well studied by different authors has been the role of the EU in nuclear negotiations with Iran and the effectiveness of the imposed sanctions in bringing Tehran to the negotiating table (Kienzle, 2013; Perthes, 2005; Quille and Keane, 2005; Rezaei, 2017).

The problem of the Trump administration's decision to withdraw from the nuclear deal has not been well studied and analyzed, especially in terms of consequences for the EU's relations with Iran, as well as the issue of proliferation and the potential resumption of a full-scale nuclear program by Iran.

The main goal of this article is to analyze the complex EU-Iranian relations, both before and after the nuclear agreement. One additional goal is to show that the EU has not developed a coherent strategy towards Iran since 2015.

* Radosław FIEDLER is associate professor at the Faculty of Political Science and Journalism at Adam Mickiewicz University, Poznan, Poland, e-mail: radoslaw.fiedler@amu.edu.pl.



The Islamic Revolution and the shift in Iranian foreign policy accompanying it led to the breaking of ties with the Western powers, meaning that, among other considerations, the United States lost a key strategic ally. Iran under Ruhollah Khomeini challenged America's position in the Middle East. The demise of US-Iranian relations had a negative impact on relations between Iran and Europe. Even though the Western European powers did not cease their diplomatic relations with Iran, they became constrained. First of all, following the humiliation of the American hostage crisis in Tehran, Washington broke off relations with Iran. Even though some secret connections did still exist (as well as occasional intelligence cooperation), this did not lead to the recovery of bilateral relations (Fiedler 2017, pp. 13-20).

In Washington, Iran has been perceived as a troublemaker since the Islamic Revolution. The idea of changing the regime in Iran has never been abandoned by US policy-makers, and the current president, Donald Trump, has adopted a particularly strict position towards Iran. Washington has five major complaints about Iran: its plans to acquire offensive weapons and WMDs in an attempt to become a regional power, able to threaten Gulf stability; its sponsorship of international terrorism and assassination of its political foes; its hostile attitude towards Israel and support for anti-Israel forces and terrorism, from Hezbollah to Hamas; its subversive activities towards its neighbors, undermining pro-American allies and destabilizing the region; and, last but not least, its violations of human rights (Pinto, 2001, pp. 101-110).

For decades, sanctions have been imposed on Iran, intended to restrain the ability of the Islamic Republic to harm the interests of the US and its allies in the Middle East. Since 1992, diverse types of sanctions have been set up, some of which have had negative effects on Europeans interested in doing business in Iran. The wide range of sanctions have been focused on weakening the Iranian regime as much as possible, in the hope that it will be overthrown by Iranians frustrated with worsening economic conditions and inflation.

Table 1. Selected US sanctions imposed on Iran

Type	Characteristic
Ban on U.S. Trade with and Investment in Iran (May 6, 1995)	Bans almost all U.S. trade with and investment in Iran, still in force
U.S. Sanctions Against Foreign Firms Dealing With Iran's Energy Sector	The Iran Sanctions Act has been amended several times, and authorizes the imposition of 5 out of 12 sanctions on firms determined to have invested more than USD 20 million in the Iranian petroleum (oil and gas) sector; bought Iranian oil (unless the country has a sanctions exemption); sold more than USD1 million worth of gasoline or equipment to import gasoline or refine oil into gasoline to Iran; sold USD 1 million or more worth of energy equipment to Iran; provided shipping services for the transport oil from Iran; engaged in a joint energy venture with Iran outside of Iran; or bought Iran's sovereign debt. Waived in accordance with the JCPOA.

Sanctions on Iran's Central Bank	Prevents foreign banks that do business with Iran's Central Bank from opening U.S. accounts, unless the native country of the bank earns an exemption from the rule by "significantly reducing" its purchases of Iranian oil.
Terrorism List Designation Sanctions	Iran's designation by the Secretary of State as a "state sponsor of terrorism"
Sanctions Against Foreign Firms that Aid Iran's Weapons of Mass Destruction Programs	The Iran-Syria-North Korea Nonproliferation Act
Sanctions Against Foreign Firms that Sell Advanced Arms to Iran	The Iran-Iraq Arms Nonproliferation Act provides for U.S. sanctions against foreign firms that sell Iran "destabilizing numbers and types of conventional weapons" or WMD technology. Remains in force.
Ban on Transactions with Foreign Entities that Support International Terrorism	Authorizes a ban on U.S. transactions with entities determined to be supporting international terrorism. The order was not limited to Iran, but several Iranian entities have been designated. Remains in force.
Ban on Transactions with Foreign Entities that Support Proliferation	Provides for a ban on U.S. transactions with entities determined to be supporting international proliferation. Numerous Iranian entities, including the IRGC itself, have been designated. Remains in force.
Divestment	Authorizes and protects from lawsuits various investment managers who divest from shares of firms that conduct sanctionable business with Iran. Remains in force.
Sanctions Against Human Rights Abuses, Internet Monitoring, and Regional Activities	Various laws and Executive Orders impose sanctions on named Iranian human rights abusers, on firms that sell equipment which Iran can use to monitor the Internet usage of citizens or employ against demonstrators, and on Iranian persons or entities that suppress human rights in Syria or contribute to destabilizing Iraq. Remains in force.
Arms Transfer and Missile Sanctions in the Countering America's Adversaries through Sanctions Act (CAATSA)	The CAATSA law, signed on August 2, 2017, mandates sanctions on arms sales to Iran and on entities that "materially contribute" to Iran's ballistic missile program.
May 8, 2018 withdrawal from the Joint Comprehensive Plan of Action (JCPOA)	Two sets of sanctions, the first coming into effect on August 7, 2018. Includes restrictions on: Iran's purchase of U.S. currency; Iran's trade in gold and other precious metals; and the sale to Iran of auto parts, commercial passenger aircraft, and related parts and services. Remains in force. The second set of sanctions on November 7, 2018, includes restrictions on: Iran's purchase of U.S. currency; Iran's trade in gold and other precious metals; and the sale to Iran of auto parts, commercial passenger aircraft, and related parts and services.

Source: Katzman, 2018

Iran, under the sanctions imposed by the US, was also subject to the containment strategy. The US decided to isolate Iraq and Iran after victorious operations, such as Operation Desert Storm, and the intense military involvement of the superpower in the Persian Gulf since 1991 in general. The Arab monarchies of the Gulf Cooperation Council and Israel supported this policy towards Iran, which these states also regarded as a troublemaker. The Dual Containment strategy consisted of the following preventive actions against the Islamic Republic of Iran: sanctions, embargoes, and limits on the transfer of sensitive technologies to Iran and Iraq (Indyk *et al.*, 1994). The strictest sanctions were directed at the oil and gas industry in Iran. The most spectacular example was when the US Congress prepared a bill that would impose sanctions on any foreign corporation that invested USD 40 million or more in the Iranian oil and gas industry (reduced to USD 20 million after one year). The

bill was known as the Iran-Libya Sanction Act (ILSA), as Libya was later added by the Senate (Fiedler, 2013, pp. 27-38). America's strict policy towards Iran differed from Europe's willingness to engage with Iran and involve it more in economic ties and diplomatic initiatives. These attempts undertaken by the EU did not lead to a breakthrough. At least five main problems need to be resolved by the European Union in its policy towards Iran:

- Lack of support from the US in attempts to engage with Iran. American sanctions in the past were harmful for European companies investing in Iran. After President Donald Trump's withdrawal from the nuclear deal with Iran, the US reinstated sanctions which could be harmful for European companies dealing with Iran.
- The weak institutional framework of the EU, with the prominent role of member states inclined to pursue their own national interests, can result in a lack of coherent goals and prove to be an obstacle to the pursuit of a more consistent strategy regarding Iran.
- The problem of human rights violations by the Islamic Republic, given the EU's official policy as a human rights promotor and protector.
- Challenges for the EU in dealing with Iran's activity in the Middle East, especially in the sub-region of the Persian Gulf. Iran's involvement in the Syrian civil war, as well as in the conflict in Yemen and its support for Hezbollah, Hamas and Islamic Jihad are also problematic. Closer cooperation with Tehran is unlikely to change Iranian activities which may be harmful to other states in the Middle East, particularly Israel and Saudi Arabia.
- The existence of a narrow gap between the civil nuclear program and its militarization. The risk of dealing with Iran lies in the fact that it could accelerate its nuclear capabilities. Technically, Iran would need only 12 months to produce nuclear warheads. Renewed nuclear ambitions would jeopardize European economic and financial activity in Iran and would freeze the EU's investments there.

The European Union has perceived Iran as a potential partner with great potential, and has expressed this through investment in Iran's somewhat underdeveloped infrastructure and by providing goods for its market of 80 million potential consumers. Last but not least, the EU has recognized the country as an alternative to Russia with regard to the provision of gas and oil. In this approach, the EU differs significantly from the US in formulating policy towards Iran. As noted by Kenneth Katzman, "Iran has always maintained full diplomatic relations with the EU countries, although relations have sometimes been disrupted by assassinations of Iranian dissidents in Europe or attacks by Iranian militants on European diplomatic property in Iran. There are regular scheduled flights from several European countries to Iran, and many Iranian students attend European universities" (Katzman, 2018, p. 51). Despite differences, there were also moments of close

cooperation between Brussels and Washington. The EU's problem is linked to its relatively low profile as an international actor, in contrast to its position as a leading trade power in the global economy. Thus, on many occasions, the EU's actions have been overshadowed by the more visible US policy towards the Middle East in general and Iran in particular.

The EU has toyed with various initiatives and ideas for boosting relations with Iran. Unfortunately, in these activities, the EU was adrift without the support of the United States. In contrast to the EU, the US counted on long-term sanctions to lead to political change in Iran. Europeans preferred to focus on developing a model of cooperation with the Islamic Republic.

1. The European Union and the nuclear issue

The EU's manner of dealing with the problem by peacefully deterring Iran from developing a nuclear weapon significantly differed from the approach of the US. The latter's approach was comprised of three core elements: harsh sanctions, coercive diplomacy and, finally, military action as the last resort.

The EU had a record of engaging with Iran prior to the nuclear crisis which erupted in 2002. In 1992-1997, the EU had endorsed the Critical Dialogue to address several issues, including concerns regarding human rights. After a year-long crisis related to political assassinations in Germany, with the Iranian authorities and Ayatollah Ali Khamenei as the main culprit, Muhammad Khatami and his agenda focused on the dialogue with the West, which in turn opened a new window for engagement with Iran. EU diplomacy was re-commenced under the heading Comprehensive Dialogue (1998-2002), to signal a broader approach. While the human rights component became more prominent over time, the Comprehensive Dialogue also addressed areas of cooperation and mutual interest with the long-term ambition to sign a Trade and Cooperation agreement between the EU and Iran (Parsi, 2011). In 1999, the European Union considered entering into negotiations with Iran for a Trade and Cooperation Agreement (TCA), which it needed as a legal framework for its dealings with the country. By offering the TCA as an incentive for political and economic concessions, the EU wanted to create a stake for Iran which would tie the country closer to the EU, both politically and economically. Despite many difficulties, in 2000 the EU pressed ahead with negotiations on the TCA with Iran, which was linked to the Political Dialogue Agreement. Within the scope of this agreement were four areas: human rights, non-proliferation, terrorism, and the Middle East peace process. The strategy was simple: bringing Iran closer to the EU politically and economically, which would allow Europe to extract significant concessions from Tehran. Reciprocity from President Khatami and some

improvement in general relations with Iran made a more durable connection with Iran seem promising (Kaussler, 2014, p. 112).

Despite some progress with Khatami's government, political dialogue was overshadowed by the nuclear crisis. Between 2003-2006, the EU tried to negotiate with Iran through the EU3 (Germany, France, Britain) and the High Representative, in the person of Javier Solana. In 2004, an agreement (the Paris Agreement) was reached, in line with which Iran would voluntarily suspend its nuclear enrichment activities while further negotiations took place. The Iran-EU3 negotiations lasted throughout 2005, and Iran submitted various proposals through Hassan Rouhani, the nuclear negotiator to the EU3, expressing a readiness to (1) cap enrichment at the 5 percent level; (2) export all low-enriched uranium (LEU) beyond domestic needs or turn it into fuel rods; (3) commit to the Additional Protocol and Subsidiary Arrangement Code 3.1 of its safeguards agreement; (4) allow the IAEA to make unannounced and intrusive inspections of undeclared facilities; and (5) engage in no reprocessing of plutonium from the Arak heavy water reactor (Porter, 2012).

However, little progress was made and eventually the process failed for several reasons: (1) the George W. Bush administration in Washington refused to participate in any negotiations initiated by the EU; (2) the newly elected Iranian President Mahmoud Ahmadinejad (2005-2013) took a much tougher and more confrontational line on this issue than his predecessor; and (3) the EU and US demand for full cessation of enrichment was unacceptable and unfair to Iran, because even in the Non-proliferation Treaty, enrichment for civilian purposes is guaranteed (Posch, 2015).

When Mahmoud Ahmadinejad took office, Iran restarted its uranium conversion facilities in Isfahan. On September 24, 2005, the IAEA board of governors found Iran to be in noncompliance with its safeguarding agreement. On January 10, 2006, Iran resumed enrichment activities at its Natanz plant; on February 3, the IAEA voted to refer the file to the UN Security Council (UNSC) (Fiedler, 2013, pp. 45-60).

The EU's disenchantment with Ahmadinejad's uncompromising policy regarding the nuclear issue, together with his nationalistic agenda in the sphere of foreign policy, has resulted in closer cooperation with the US in formulating a strategy towards Iran. Convincing Russia and China that the Iranian nuclear program should be under more effective international control was an important achievement. The EU 3 evolved into P5 plus 1 (US, China, Russia, France, Great Britain and Germany). Beginning with the UNSCR 1696 in July 2006, a number of UNSC resolutions (UNSCRs 1737 and 1747 in 2007; 1803 and 1835 in 2008; and 1929 in June 2010) and the most comprehensive UN-led sanctions were passed. The EU added its own set of sanctions and restrictions, which were further updated regularly. In 2012, the EU took restrictions one step further with an EU-wide boycott of the import of Iranian oil and gas (Esfandiary, 2013). As a result, the EU's total trade with Iran

dropped to EUR 6 billion by 2013 from the estimated EUR 27 billion in 2011 (Mousavian, 2016, p. 86). In 2010, before comprehensive sanctions were implemented, Iran was the EU's 25th largest trading partner, and European countries were Iran's major trading partners. EU exports – machinery, transport equipment, manufactured goods and chemicals – accounted for almost a third of Iran's imports, between EUR 10-11.3 billion. The new round of sanctions put immense pressure on some countries in particular. As well as the Greek market, Spain and Italy – the largest European buyers of Iranian crude – buy slightly more than 10% of their crude from the Islamic Republic, accounting for 6-8% of Iran's total crude oil exports to the EU (Tabrizi and Santini, 2012).

Moreover, the Belgium-based Society for Worldwide Interbank Financial Telecommunication (SWIFT) is the primary provider of the transfer of information about financial transactions between banks. In 2012, pursuant to US and EU sanctions, SWIFT disconnected Iranian banks from its messaging system (Cronberg 2018).

A breakthrough came alongside President Obama's changed approach and the election of a new Iranian president, Hassan Rouhani, in June 2013. The Obama administration had acknowledged that the goal of making Tehran abandon its nuclear enrichment program was unrealistic and hard to accept for Iran, and had finally accepted the EU's position on a more realistic agenda towards low-level enrichment for civilian purposes in Iran. In addition, with a somewhat more flexible approach set by the new Iranian negotiating team under foreign minister Javad Zarif, the negotiations became regular and constructive. In November 2013, the P5+1 and Iran agreed to the Joint Plan of Action, which outlined the future negotiation process and the possible end goal of a comprehensive agreement on Iran's nuclear program. Progress was achieved thanks to the commitment of the European partners and, institutionally, by the EU, with the High Representative in the person of Catherine Ashton. Her personal role was particularly important, and she was described as a skillful diplomat in the talks with Iran (Rettman, 2014).

In July 2015, intensive negotiations led to the final nuclear deal, which was called the Joint Comprehensive Plan of Action (JCPOA). It aimed to eliminate the risk of exceeding the threshold beyond which the program could be militarized. The removal of this risk requires that, until 2030, Iran keeps its uranium enrichment activities below the level of 3.67% and maintains a total stock of uranium under 300 kg. Guaranteeing the civilian nature of the nuclear program depends on Iran's commitment to reduce its total stock of enriched uranium by 98%. Uranium enrichment activities are now only limited to the Natanz facility; moreover, two-thirds of Natanz's centrifuges have been dismantled. Only five thousand of the old IR-1 models are permitted for use until 2030. The 'breakout time' is defined as the amount of time it would take Iran to acquire enough fissile material for one nuclear weapon (Heinonen, 2015).

The JCPOA has considerably enhanced the possibility of international inspectors being able to detect any Iranian non-compliance in time. If Iran decides to abandon the provisions of the JCPOA, the international community would react immediately by reapplying all sanctions which were lifted in January 2016. Moreover, the JCPOA provides for the reconstruction of the heavy-water reactor at Arak, with a view to ending the production of plutonium for military purposes and devoting the plant exclusively to the production of medical radioisotopes. In short, the nuclear agreement contributes to the strengthening of the 1968 Nuclear Non-Proliferation Treaty (Jessen, 2017).

The JCPOA concluded a very detailed agreement with Iran, including technical details with its strength ensured by the signatures of the US, China, Russia, France, Great Britain, Germany, and additionally by the EU as important signatory. The EU's diplomacy was successful and consistent with the US' approach to negotiations on the nuclear issue in this context.

Despite these successful accomplishments, there are several weaknesses which may undermine the JCPOA's durability: (1) the agreement did not include the Iranian missile program and did not initiate more comprehensive dialogue with Tehran on its regional policy in the Middle East; (2) the nuclear deal has not changed Iran's behavior, threatening Saudi Arabia and Israel, in regional politics; (3) the agreement with the international community has not changed Iran's internal political situation and has not initiated political reforms to soften autocratic rule in Iran; (4) the agreement is a disappointment for the Iranian authorities, because the increased scope of inspections and the significantly reduced enrichment of uranium (Tarock, 2016, p. 1408-1424).

2. EU-Iran-United States

On January 16, 2016, all UN, EU, and US nuclear-related sanctions on Iran were lifted after the confirmation by the International Atomic Energy Agency (IAEA) that Iran had fulfilled the requirements of the nuclear agreement reached in July 2015. Under the JCPOA, SWIFT reconnected Iranian banks to re-enable international banking transactions.

In April 2017, the World Bank reported that Iran's economy had significantly improved in 2016, due to sanctions relief facilitated by the JCPOA.

The lifting of nuclear-related sanctions under the JCPOA has also had a positive impact on the EU trade and economic relations with Iran. From its lowest point in 2013, EU trade with Iran reached a total of EUR 21 billion in 2017. The average annual growth rate in EU exports to Iran since 2013 is 18.7%; in 2016-2017, the growth rate reached 31.5%. Imports nearly doubled in the period 2013-2017, with an 83.9% increase in 2016-2017. Iran is the EU's 30th largest trading partner, while the

EU is Iran's third largest. In February 2018, 40% of Iran's oil exports went to EU member states, including the UK, France, Italy, Spain, Greece and Hungary (Ewing and Reed, 2018).

The Iranian market has been reopened for the European companies and investments. New opportunities have arrived in the following markets: manufacturing, energy, and the automotive industry. The biggest deals which have been announced are displayed in Table 2.

Table 2. The biggest European-Iranian deals which have been announced

French company Total	signed a \$4.7 billion deal to develop production in South Pars gas field.
Citroen, Peugeot, Renault, Scania, and Volkswagen	agreed in 2016 to open a plant producing 200,000 vehicles annually in Iran, under a EUR 255 million deal with Iranian company SAIPA. Renault signed a EUR 660 million investment deal to build 350,000 cars a year at a factory outside of Tehran, together with two Iranian firms. Swedish company Scania has established a factory in Iran to build 1,350 buses.
Siemens	signed a contract to modernize Iran's railway network.
Vodafone	partnered with Iranian firm HiWeb to modernize Iran's information technology infrastructure.
Danieli	signed several contracts to supply heavy machinery for steel production.
Quercus	announced a EUR 500 million deal to develop Iran's solar energy sector
Italian company FS	signed a EUR 1.2 billion deal to build a high-speed railway between Qom and Ar

Source: Ewing, Reed, 2018

Iran seems to be a promising prospective partner. It has underdeveloped infrastructure, is in need of new technologies, and its extractive, automotive and aviation industries require investment and modernization. Iran and the EU have many potential areas of cooperation. Table 3 shows the role of the EU in Iran.

Table 3. The EU and Iran's shared goals

Iranian goals	EU's assistance
To remain the third largest gas producer in the world, with gas production of 360 bcm/y by 2025.	The expansion of upstream gas production will require investment and technology from European and international companies
To inject gas into the oil fields in order to maintain and increase oil production.	EU companies can offer effective solutions to increase the recovery rates of Iranian oil fields and hence help Iran to produce more efficiently.
To supply gas to power plants, gas-based industries and petrochemicals, and to export value-added products at economically viable prices.	EU companies would be major sources of technology and investment but could also become partners in developing regional opportunities, e.g. using Iranian gas in a third country to produce gas-based commodities.
To replace domestic demand for petroleum products with gas and maintain the share of gas in Iran's energy basket above 70%.	Some EU countries have a good track record of optimizing their energy basket and utilizing diverse sources.

To export gas to other countries in the region, the Indian subcontinent and Europe.	The EU can increase profits from the import of gas and oil from Iran.
To increase energy efficiency in industrial, residential and commercial consumption.	EU companies could offer the required technologies to improve energy efficiency, with clear economic and environmental benefits.

Source: Parsi, 2016, p. 15

Tehran’s adherence to the JCPOA’s provisions has energized the EU’s activity and connections, helping to develop investments in Iran.

Table 4. The EU’s main areas of activity

The EU main areas of activity
1. maintaining and deepening European economic relations with Iran;
2. the continued sale of Iran’s oil and gas condensate petroleum products, petrochemicals and related transfers;
3. maintaining effective banking transactions with Iran;
4. continued sea, land, air and rail transportation relations with Iran
5. the further provision of export credit and the development of special purpose vehicles in the banking, insurance and trade areas, with the aim of facilitating economic and financial cooperation by offering practical support for trade and investment;
6. the protection of EU economic operators and actions to ensure legal certainty;
7. the further development of a transparent, rules-based business environment in Iran.

Source: (New atmosphere prevailing Iran-Europe economic relations, 2018)

Despite the fact that the JCPOA is imperfect and does not include the Iranian missile program, it nevertheless provides improved access to the Iranian plants for the IAEA, which may request inspection of an Iranian nuclear site within 14 working days. The IAEA has published 10 reports certifying that Iran has fully complied with its commitments (Osiewicz, 2018).

The JCPOA has been treated as a victory for moderates in Iranian politics. Hardliners were dissatisfied by the exposure of Iran’s plants and installations to international inspections. Iranian politics is composed of three competing factions: reformers, moderates (also known as pragmatists) and hard-liners. The nuclear deal empowered the moderates and its failure will certainly embolden hardliners in Iran (Fiedler, 2018, pp. 161-172).

Donald Trump in his presidential campaign was an ardent critic of the JCPOA and advocated a tougher position on Iran. It came as no surprise, then, when on May 8, 2018, the President announced that the United States was withdrawing from the JCPOA and the P5+1 agreement. (The US failed to convince its partners that Iran had violated the JCPOA, although President Trump accused Iran of being the “leading state sponsor of terror,” “enriching uranium” and reaching the brink of a nuclear

breakout. US withdrawal is a serious blow to the JCPOA and its durability. The decision was taken unilaterally and, unfortunately, the European partners – President Emmanuel Macron of France, German Chancellor Angela Merkel, and Prime Minister of the United Kingdom Theresa May – have failed to convince President Trump to honor the multi-lateral deal. The EU High Representative, Federica Mogherini, was very critical of Trump’s move and has publicly asserted that “the nuclear deal with Iran is the culmination of 12 years of diplomacy. It belongs to the entire international community. It has been working and it is delivering on its goal, which is guaranteeing that Iran does not develop nuclear weapons” (Cherkaoui, 2018).

Almost two weeks after Trump’s withdrawal, the newly-appointed Secretary of State, Mike Pompeo, set out 12 conditions which Iran must fulfill for any new nuclear agreement to be reached. Conditions refer to ceasing all uranium enrichment; ending the development of nuclear-capable ballistic missiles; termination of Iranian support for Hezbollah, Hamas, Houthi rebels in Yemen, and the Taliban; withdrawal of all Islamic Revolutionary Guard Corps (IRGC) and Iranian proxy forces from Syria; dismantling of IRGC-backed militias in Iraq; and, for good measure, no more chants of ‘Death to Israel’ (Staff, 2018). The diplomatic weakness of the Trump-Pompeo unilateral policy lies in its lack of consideration for the opinions of other parties and the deliberate undermining of all the achievements of the previous administration. This hardline stance regarding Iran causes deepening mistrust and hostility between the two countries. Traditionally, the United States has been positively thought of by Iranians, despite the authorities’ official Anti-Americanism. An overly harsh US policy towards Iran could result in pushing Iranians to support their government, by creating the impression that the country is in danger. Trump’s plans to engineer social unrest in Iran would be futile if the US reimposes sanctions on Iran without justification.

Throughout the Trump administration, the US’s relations with EU have worsened in many areas. The EU has lost a valuable partner in dealing with global problems. Previously, the US-EU joint strategy regarding Iran in 2010-2013 brought Iran back into negotiations. Nowadays, the EU is not only lacking support from the US; in fact, its relations with Iran might additionally increase the tensions between the EU and Washington if Europe continues to engage with Iran. The Trump administration still has at its disposal highly effective secondary sanctions, allowing the United States to threaten sanctions against foreign firms and businesses that deal with Iran. These sanctions essentially force the rest of the world to choose between doing business with Iran or the United States. Since the United States is the world’s largest economy and the center of global finance, it is really no choice at all. European diplomats have also confessed that if the United States reimposes secondary sanctions, it is likely that many European firms would choose to cut economic ties with Iran,

regardless of their official government positions, to avoid being cut off from the American financial system.

In the months following the US's withdrawal from the JCPOA, many large European companies have decided to limit their activity in Iran. Total has already announced that it will not develop the South Pars gas field. Maersk and Peugeot have also left Iran. It was also recently reported that many German companies, including truck and car manufacturer Daimler, intend to withdraw from Iran (Czulda, 2018).

The EU's failed efforts to keep the US in the deal centered on three main areas of interest – firstly, the European Union's principles of international cooperation and as a normative force in the development of an effective security system, non-proliferation and the primacy of diplomacy in resolving international disputes. Secondly, the EU has significant economic and commercial stakes in a viable nuclear deal, and, thirdly, Brussels assesses that the deal has been working to inhibit Iran's acquisition of nuclear weapons capability, and that it therefore strengthens regional and European security.

No satisfactory results have been achieved in any of these areas. The success of EU diplomacy in reaching a nuclear agreement has been mentioned many times, but no system has been developed to maintain it.

Concluding remarks

The EU, after President Trump's withdrawal from the JCPOA, has found itself in a somewhat difficult position regarding Iran. Trump's presidency might be seen as both a challenge and an opportunity for the EU to pursue a more independent policy towards this country. According to Ian Manners, the EU acts as a 'normative power' that often prioritizes respect for universal values over potential military and financial gains (Manners, 2002, pp. 235-258). Manners' idealistic vision of the EU is not yet fully justified, however. To fulfill these expectations, the main challenge would be to balance the member states' interests with the EU's official policy towards Iran. The EU was in a comfortable situation due to its similar position to the leading US and within the P5 + 1 during the nuclear negotiations with Iran. Nowadays, the EU must build and retain its cooperation with China and Russia in order to keep the JCPOA alive. Iran is a challenging partner, with potential domestic instability; moreover, its support for groups such as Shia militias in Iraq, the Houthis in Yemen, Hamas, Hezbollah and Bashar Assad's regime in Syria remains problematic. The EU should reconsider its policy towards Iran – focusing on business activity in Iran is too narrow an approach, especially when European companies may be sanctioned by the US.

The EU has a unique opportunity to take a lead in developing relations with Iran. However, this is not without risk, as the EU is going through a turbulent time, with the rise of populism and contradicting interests within the European family that could result in it not being able to effectively defend the JCPOA and its developing ties with Iran. One can envisage different scenarios of EU-Iranian relations after the nuclear deal; for example, Iran, faced with unprecedented drought, needs the EU's assistance in improving its water management. There are many possible areas of mutual cooperation also with respect to building a route of gas pipelines to Europe that could become an alternative to the Russian pipelines.

In the immediate future, the EU and its member states will have to decide whether they should take the lead and act in order to build and maintain relations with Iran, or withdraw from cooperation with Iran, thus undermining relations for decades. Failure to sustain the JCPOA would certainly undermine all of the hard work that was put in during years of building relations between the EU and Iran. Big European corporations do not want to risk major investments in Iran. This suggests that the JCPOA will be ineffectual without the US.

The resumption of the Iranian nuclear program would be a very serious challenge for the European Union. The EU, unable to maintain the JCPOA after US withdrawal, would not be a reliable partner for Tehran. Iran would look to China and would probably engage more in the Belt and Road Initiative as an alternative to the West.

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