

# Relations between Iran and the EU in the Post-JCPOA Era

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Joint Comprehensive Plan of Action (JCPOA) was reached in Vienna on July 14 2015, between Iran, the P5+1, and the European Union (EU), and was formally put into action on January 16 2016. This accord is considered to be one of the most important international agreements since World War II. JCPOA has a key role in shaping the future prospects of Iran-EU relations. As such, this article will examine the foundation for collaboration between the two parties in the post-JCPOA era. In this context, the paper assesses the positive outcomes of the accord on economic cooperation, along with the potential challenges in Iran-EU relations at the aftermath of the US's withdrawal [from the agreement] in the post-JCPOA era.\*\* The main hypothesis of this paper is that it is in the best interests of both Iran and the EU to directly and fully implement JCPOA. Equally important, both parties will benefit from limiting the influence of external parties, in particular the United States. Under these conditions, we can expect that both parties will seek to expand economic, political, and cultural relations during the coming years.

Key words: Iran, EU, Nuclear Agreement, the USA, JCPOA



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\*\* Council of the EU, "Factsheet: The European Union and Iran," doc. 5555/2/12 REV2, 23 March 2012.

### ***Introduction***

This paper reviews the existing resolutions by Iran and the EU prospects for improvements in relations between Brussels and Tehran. If Europe is able to maintain its independence in the face of US pressure to nullify JCPOA, after Trump's decree to withdrawal from the agreement, and continue to preserve the agreement, this will serve as a model for successful future relations with Iran, as well multilateral relations between Europe and numerous other countries. Assuming this is the case, Iran and

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the EU can establish a constructive and comprehensive dialogue on other areas of dispute, including divergent positions on human rights and terrorism, and what the West refers to as “instability in the region.”

Despite the pressure that the Trump administration has applied, almost all the European leaders have expressed their willingness to uphold JCPOA. With this in mind, progress in interaction, dialogue, and cooperation between Iran and the EU can be expected. Iran has demonstrated its commitment to maintaining and improving comprehensive relations with the EU, as long as the EU avoids undue political influence from the US.

Iran is also committed to ensuring this relationship continues on the basis of mutual benefit in all fields.

It seems that both Iran and the EU are genuinely committed to expanding mutual economic relationships following JCPOA. Both parties' needs and expectations are clearly met through cooperation. The main challenge facing major European companies is that, as a result of close ties with, and dependence on, their vast relations with the US, they are unable to comply with the EU's Joint Commission and continue their activities in Iran.. Equally important, JCPOA also provides an excellent model for resolving existing disputes. Given that JCPOA has been enshrined in United Nations Security Council Resolution 2231, and therefore adopted as an international document, by withdrawing from the JCPOA, Trump has, in effect, violated an international accord. the Trump administration cannot easily ignore its decisiveness.

On this basis, this paper aims to answer the following three questions: What are the capabilities of, and grounds for, Iran and

the EU to expand their cooperation in political, economic, and cultural arenas? Despite its existing problems, can JCPOA offer a positive direction for the future of Iran-EU relations for both sides? Finally, can US withdrawal disrupt or harm the Iran-EU cooperation process in the post- JCPOA era?

### *Initiation to Discussion*

The transitional nature of the Iranian political system following the victory of the Islamic Revolution directly informs national foreign policy. Islamic ideology, and the ways in which it interacts with the secular ideologies and liberalism of the West, lies at the heart of the country's foreign policy.

Accordingly, policies that entail confrontation of any kind of domination and hegemony of the US, as well as support for the world's oppressed against the world oppressor, has given rise to a significant identity and conceptual gap between Iran and Europe. Due to their very different positions on the spectrums of values, culture, and civilization, there is not an obvious basis for a strategic relationship between Iran and the EU. That said, the EU's position in the international order and Iran's role and strategic regional status following the victory of the revolution necessitate the establishment of a proper relationship now more than ever, despite their disagreements.

An earlier period of détente between the two parties occurred following September 11 2001. Critical, inclusive, and constructive dialogue between both parties represented the most important focus (on eliminating the roots of terrorism and preventing its growth in other countries of the world) of that time. However, the start of the nuclear frame-up against Iran, which began in August 2002, drastically altered the tone of the dialogue between Tehran, Brussels, and Paris. As such, the following years saw a series of failed agreements. Almost eleven years later, by 2013, relations between Iran and the EU reached their lowest point.<sup>1</sup>

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In July 2015, nearly thirteen years of dialogue and challenging negotiations, including almost ten years of US involvement,

<sup>1</sup> Ec.europa.eu, *Countries and regions - Iran*, Available at: [ec.europa.eu/trade/policy/countries-and-regions/countries/iran/](http://ec.europa.eu/trade/policy/countries-and-regions/countries/iran/) (Accessed: 10 May 2018)

culminated in the JCPOA agreement. This achievement was largely due to the united effort of Iranian authorities; Germany, Britain, and France; and the guidance of three successive, high-ranking EU representatives for foreign affairs and security policy: Javier Solana, Catherine Ashton, and Federica Mogherini.<sup>2</sup>

This historical agreement paved the way for cooperation between Iran and the EU. However, Trump's election to the US presidency, and his strongly articulated opposition to JCPOA from the moment he took office on January 20, 2017, has created a dilemma for the European Union. On the one hand, relations between the EU and United States are so extensive that the EU cannot fulfill its JCPOA commitments without US cooperation. On the other hand, the significance of JCPOA – most importantly in regard to peace and security in the region – is such that European leaders have been working tirelessly to find a solution that will satisfy all sides. However, finding a workable formula for this Gordian knot is a very difficult task.

Since the JCPOA formally entered into effect on January 16 2016, Iran and the EU have intensified their efforts to compensate for past failures. A number of auspicious events have ensued, including: Iranian President Hassan Rouhani's January 2016 visit to France and Italy, which resulted in the signing of several contracts worth an estimated 50 billion Euros<sup>3</sup>; the dispatch of high-level EU political, parliamentary, and economic trade delegations to Tehran; and visits to Tehran by the presidents of Austria and Finland in 2016.

The ratification of a resolution to normalize relations between the EU and Iran by the European Parliament on October 25 2016 provided a framework for the realization of this trend, specifically because the resolution explicitly requires the EU to resume relations with Iran through comprehensive, constructive, collaborative, and definitive means<sup>4</sup>. Areas of focus, such as

2 En.mfa.ir, *Annexes – Joint Comprehensive Plan of Action*, Available at: [en.mfa.ir/index.aspx?fk eyid=&siteid=3&fkeyid=&siteid=3&pageid=1997&newsview=349299](http://en.mfa.ir/index.aspx?fk eyid=&siteid=3&fkeyid=&siteid=3&pageid=1997&newsview=349299) (Accessed: 10 May 2018)

3 Irish, J. & Balmer, C. (2016) "Sanctions Lifted, Iran's Rouhani Heads To Europe To Drum Up Business", *Reuters*, 24 January, Available at: <https://www.reuters.com/article/us-iran-europe-rouhani/sanctions-lifted-irans-rouhani-heads-to-europe-to-drum-up-business-idUSKCN0V200N> (Accessed: 10 May 2018); En.rfi.fr, (2016) "Iran to buy 100+ Airbuses as sanctions end", *Radio France Internationale*, 24 January, Available at: [en.rfi.fr/economy/20160124-iran-buy-100-airbuses-sanctions-end](http://en.rfi.fr/economy/20160124-iran-buy-100-airbuses-sanctions-end) (Accessed: 10 May 2018)

4 Eeuroparl.europa.eu, (2016) "2015/2274(INI) - 25/10/2016 Text adopted by Parliament, single reading", European Parliament, 25 October, Available at: [www.europarl.europa.eu/oeil/popups/summary.do?id=1461069&t=e&l=en](http://www.europarl.europa.eu/oeil/popups/summary.do?id=1461069&t=e&l=en) (Accessed: 10 May 2018).

environmental sustainability, the fight against drug trafficking, tourism, and related issues, are very useful in shaping a positive trajectory for cooperation, and in helping to cement mutual trust and confidence.

Due to concerns over Iran's strengthening regional and international position, as well as the normalization of its relations with the US and EU as a result of JCPOA, Israel, Saudi Arabia, the United Arab Emirates and other Arab nations have fought hard to prevent JCPOA's implementation. Under the Obama administration, such efforts were to no avail. The inauguration of President Trump in January 2017, however, dramatically altered the dynamic<sup>5</sup>. Israel has been able to get closer to Saudi Arabia and the United Arab Emirates, while simultaneously increasing Trump's motivation to oppose JCPOA through the signing of new agreements. This approach, however, has not worked with EU nations. Many European leaders remain seriously critical of Netanyahu's policies and Israel's continued expansion in the Occupied Territories. Those leaders are also unwilling to go along with the adventurist policies of the Saudi Crown prince, Mohamed Bin Salman, as they pertain to Lebanon, Yemen, Syria, and Iraq<sup>6</sup>. However, France, Britain, and, to some extent, Germany, are reluctant to take a strong position on this due to the valuable arms export market represented by Saudi Arabia and Israel.

On one hand, it appears that the EU is trying to consolidate and stabilize its commercial interests in Iran through the re-evaluation of the last decade of diplomatic relations. On the other hand, there is also interest in finding a new approach to the expansion of commercial relations with other regional countries, based on the opportunities that JCPOA offers. The geopolitical proximity of the Middle East, Iran's strategic position as well as its security and stability are of great interest to Europe. Concurrently, in order to satisfy the United States, Israel, and Saudi Arabia, the EU is trying to sustain

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5 Cordesmann, A. (2018) "U.S. Strategy, The JCPOA Iranian Nuclear Arms Agreement, And The Gulf: Playing The Long Game", Center for Strategic and International Studies, 28 March, Available at: <https://www.csis.org/analysis/us-strategy-jcpoa-iranian-nuclear-arms-agreement-and-gulf-playing-long-game> (Accessed: 10 May 2018).

6 Kamel, D. (2015) "Saudi Arabia, An ISIS That Has Made It", *New York Times*, 20 November, Available at: <https://www.nytimes.com/2015/11/21/opinion/saudi-arabia-an-isis-that-has-made-it.html> (Accessed: 10 May 2018).



announcing their intentions to pull out of Iran.

However, American pressure to limit this significant economic cooperation with Iran has caused European companies to exercise caution when investing in Iran. This caution stems from the uncertainty around the fate of their investments should the US withdraw from JCPOA. As a result, European countries are using small and medium sized companies in their efforts to establish a relationship with Iran, in the hope of avoiding major losses in the event of US sanctions.

Due to unilateral sanctions enacted against Iran by the EU in July 2012, and peaking in 2014, Iran-EU commercial relations fell from 11.3 billion Euros in 2006 to 5.4 billion Euros in 2013<sup>9</sup>. This drastic reduction was primarily related to oil, banking, and insurance. A decline of this magnitude had not taken place for several decades. Concurrently, political and diplomatic relations between the two parties were at their lowest point during those years<sup>10</sup>. These sanctions cost Iran an estimated \$60 billion in oil export revenues and \$100 billion in blockage of Iranian assets annually.<sup>11</sup>

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After JCPOA entered into effect, however, numerous European companies including Total and Eni spearheaded investments in Iran's oil and gas sectors. These companies are still trying to figure out how to avoid losses in the event of American sanctions. However, following the US's withdrawal from the agreement, a number of major European companies' involvement in Iran, including Total and the Italian company Eni, will likely be replaced by that of Chinese, Indian, and probably Russian companies. As such, European governments are awaiting the development of an approach which allows them to uphold the agreement without being subject to penalization by the United States.<sup>12</sup>

In addition to oil and gas, Iran has launched cooperation with

9 Blockmans, S., Ehteshami, A., & Bahgat, G., (2016) "EU-Iran Relations after the Nuclear Deal", *Center for European Policy Studies*, 30 May, p.44, Available at: <https://www.ceps.eu/publications/eu-iran-relations-after-nuclear-deal> (Accessed: 10 May 2018).

10 Ec.europa.eu, *Countries and regions – Iran*, op.cit.

11 Smtnews.Ir, (2017), Available at: <https://www.smtnews.ir/international/27462> (Accessed: 10 May 2018).

12 Iranreview.org, (2018) *France Vows Pushback Against U.S. Sanctions On Iran*, 12 May, Available at: <http://www.iranreview.org/content/Documents/France-vows-pushback-against-U-S-sanctions-on-Iran.htm> (Accessed: 10 May 2018).

Norway and Britain in the field of clean energy production. On October 17 2017, Iran and Norway signed a solar energy production contract. Norway's Saga Energy has committed to invest 2.5 billion euros in Iran for the production and installation of solar photovoltaics in desert areas of the country over a five-year period (2018 to 2023). This photovoltaics will have the ability to generate 2GW of electricity. A consortium consisting of European public and private investors will cover the financial requirements of this venture. The Iranian government has already warrantied this project.<sup>13</sup> In London, another contract was signed for the building of what will be the largest solar power plant in Iran, with a production capacity of 600 megawatts of electricity. Under this agreement, the British company Quercus has committed to increase its solar power production capacity in Iran to 5GW by 2020. If the agreement is fulfilled, Iran will own the world's largest solar power plant.<sup>14</sup>

### ***Combating Extremism and Terrorism***

Despite their divergent positions on concepts such as human rights and terrorism, Iran and the EU have, to some extent, been able to find common ground through negotiations. The catalyst

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for this was the rise of ISIS, seen as a major threat by the United States, Europe, and Iran, and thereby enabling a shared understanding on the issue of terrorism in Iraq and Syria. This, in turn, lent support to the expert notion of utilizing joint approaches to confront extremism and terrorism globally. After all, groups known as *Takfiri*, ISIS, and similar fundamentalist organizations carry out terrorist acts under the guise of religion via a broader network of clusters across Europe, the United States, Asia, and North Africa. Given Iran's strong track record in confronting terrorist groups, it is possible that Iran and the EU will collaborate on counter-terrorism initiatives within the framework of a security agreement, especially given Iran's in-depth knowledge on the nature of the

<sup>13</sup> NRK.no, (2017) *Norsk Solenergisekskap Med Milliardkontrakt I Iran*. Available at: [https://www.nrk.no/urix/afp\\_-norsk-solenergisekskap-med-milliardkontrakt-i-iran-1.13738005](https://www.nrk.no/urix/afp_-norsk-solenergisekskap-med-milliardkontrakt-i-iran-1.13738005) (Accessed: 10 May 2018).

<sup>14</sup> Tabnak.ir, (2017). Available at: <http://www.tabnak.ir/fa/news/731989> (Accessed: 10 May 2018). Since Britain has not yet completed its departure from the European Union, a process that could take anywhere from two to seven years, in this article Britain is still considered a member of the EU.



### *Takfiri* terrorists in the Middle East.

It is important to note that Iran's predominantly Shiite identity represents both tolerance and tolerance of dissent, because Shiites generally promote and practice moderate Islam in the face of extremist Sunni beliefs. Of course, not all or even a majority of Sunnis are extremists. However, there has been an observable trend of armed Sunni groups carrying out religious extremism through terrorist acts; such groups reject any belief other than their own as blasphemy (*Takfir*), and believe death to be a permissible and appropriate response to this. Careful consideration of these differences in the interpretations of Islam can provide a basis for an accurate analysis of the realities facing the Islamic world.

Thoughtful consideration of what Iran is seeking in terms of its relationships with European nations would provide the necessary basis for cooperation across all areas. Unfortunately, on one hand, EU leaders are susceptible to anti-Iranian and Islamophobic trends in various respects, influenced primarily by Israel's anti-Iran policies and media. On the other hand, the Iranian authorities fuel this destructive cycle by adopting a harsh stance against Israel and the US. As long as this cycle of mutual recrimination continues, finding ways to cooperate in the fight against extremist and terrorist groups seems out of reach.

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### ***Joint Investment and Commerce***

As described above, despite existing opportunities in bilateral trade, the reality of Iran-EU relations is severely limited due to the effects of sanctions. Although commercial relations between Iran and the EU have seen relative progress since JCPOA, economic relations have still not reached their expected level<sup>15</sup>.

The attempted expansion of mutual trade and investment continues to face various challenges. These problems are not unilateral. After JCPOA was finally concluded, Europeans reverted back to old charges against Iran, including alleged

<sup>15</sup> Trade.ec.europa.eu, *European Union, Trade in goods with Iran*, Available at: [trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113392.pdf](https://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf) (Accessed: 10 May 2018).

“human rights abuses” by Iran<sup>16</sup>; claims that “Iran supports terrorism”; what has recently been termed “instability created by Iran”; and “Iran’s missile threat.”<sup>17</sup> In turn, Iran accuses the US and Europe of planning to violate and nullify JCPOA. Iran also believes that the US, Britain, and France promote billions of dollars in arms sales to countries in the Persian Gulf by fueling anti-Iranian sentiment,<sup>18</sup> while simultaneously using this fear to legitimize their military presence in the Middle East.

There is, however, strong reasoning in favor of improving relations between the parties, mainly related to banking, finance, and credit.<sup>19</sup> Major European countries are still concerned about

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the US’s withdrawal of JCPOA, and they have not been able to adopt a single strategy to deal with the possible implementation of secondary US sanctions against Iran. According to Clyde & Co.’s research, the prevailing concern among foreign investors is that interaction with Iran will result in being penalized by the US.

This concern continues to pose a significant obstacle to cooperation with Iran. According to this research, 58% managers of international British companies are unsure how to protect their capital and avoid penalization by regulators. Some of this uncertainty is rooted in the risk of exposure to potential nuclear-related sanctions in the event of a breach in the agreement, an event that would “most likely” lead to financial losses. The research also indicates that there are challenges that Iran still needs to overcome in order to fully benefit from JCPOA.<sup>20</sup>

Even so, after a year of studying and reviewing the plan for trade with Iran, Nicolas Dufourcq, President of Bpifrance, the French public investment bank, declared in February 2018 that the plan should be to allocate a 1.5 billion Euro line of credit to Iranian

16 Eeas.europa.eu, (2018) *EU priorities for the 37th session of the Human Rights Council*, 23 February, Available at: [https://eeas.europa.eu/delegations/iran/40333/eu-priorities-37th-session-human-rights-council\\_en](https://eeas.europa.eu/delegations/iran/40333/eu-priorities-37th-session-human-rights-council_en) (Accessed: 10 May 2018).

17 Europarl.europa.eu, (2016) *An EU Strategy for relations with Iran after the nuclear deal*, Available at: [http://www.europarl.europa.eu/RegData/etudes/IDAN/2016/578005/EXP\\_O\\_IDA\(2016\)578005\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2016/578005/EXP_O_IDA(2016)578005_EN.pdf) (Accessed: 10 January 2018).

18 Sipri.org, (2018) “International Arms Transfers”, Available at: <https://www.sipri.org/research/armament-and-disarmament/arms-transfers-and-military-spending/international-arms-transfers> (Accessed: 10 May 2018).

19 Blockmans, Ehteshami, & Bahgat, *op.cit.*, pp.43-46.

20 Whittaker, J. & Bromfield, A. (2016) “Access To Finance, Insurance And Due Diligence Concerns Are Dissuading Businesses From Entering Iran”, *Clydeco&Co*, 18 May, Available at: <https://www.clydeco.com/blog/sanctions/article/access-to-finance-insurance-and-due-diligence-concerns-are-dissuading-busin> (Accessed: 10 May 2018).

buyers to alleviate the difficulty of using the US banking system. Referencing Bpifrance's program, he stated that "the dollar will have no role in this plan" and "no individual with an American passport would be affiliated with the plan."<sup>21</sup> In the context of existing capacity in Iranian and European markets, 1.5 billion Euros is closer to the minimum requirement for sustained, mutually beneficial commercial cooperation.

It is also worth noting that under the sanctions, Iranian banks did not have regulations in place to protect against money laundering, sales of drugs, or terrorism. In order for Iranian banks to resume relations with European banks in the post-JCPOA era, they are required to implement regulations as defined by the Financial Action Task Force (FATF). The time-consuming nature of this process has slowed down the process of cooperation. Nonetheless, the last two years have seen notable progress in this regard, and the FATF Implementation Council moved Iran from its red list to the yellow list in March 2018.<sup>22</sup> Iran's credit rating was upgraded. The committee responsible for country rankings at the Organization for Economic Cooperation and Development (OECD) moved Iran up one place, from 6th to 5th, reflecting the reduced risk faced by European nations when investing in Iran.<sup>23</sup>

The opening of the EU trade office in Tehran in November 2017 marked a significant step towards institutionalizing commercial relations between Iran and the EU. This accomplishment was achieved through cooperation and a trade agreement, a sort of third generation agreement that encompasses all areas of commercial interaction, and even political grounds. This provides a strong platform for the systematization for Iran-EU cooperation across politics, human rights, and counter terrorism in the post-JCPOA era. It is possible that the terms of these agreements may never come to fruition, now that the United States has abandoned the accord.

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The EU and Ms. Mogherini have important roles in resolving the disputes that arose between Iran and the US during the

21 Bbb.com, (2018), Available at: <http://www.bbc.com/persian/iran-42913122> (Accessed: 10 May 2018).

22 Oecd.org, (2018) *Country Risk Classification – OECD*, Available at: <http://www.oecd.org/tad/xcred/crc.htm> (Accessed: 10 May 2018).

23 *Ibid.*

implementation of JCPOA. Iran does not presently have major trade relations with the US; its main trade relationships are with China, the EU, Japan, South Korea, and India.<sup>24</sup> The US withdrawal from JCPOA will make Washington seriously to lose out since the remaining countries continue to support the agreement.<sup>25</sup> If the US does resume secondary sanctions against Iran, this could also create problems for countries that have trade relations with Iran, even subjecting them to fines in some cases. Having said this, legal experts have emphasized that the ratification of JCPOA and UN Security Council Resolution 2231 have nullified the legality of the sanctions regime against Iran. Thus, the US cannot simply apply secondary sanctions against countries that trade with Iran.

Investment in Iran across all sectors - including oil and gas, automotive and passenger aircraft manufacturing industries - remains challenging. In addition to US opposition, the governments of Israel, Saudi Arabia, and the United Arab Emirates have undermined progress. Nonetheless, Iran and the EU can rebuild and improve their relations based on mutual respect and interests.

Based on the realities governing international relations, as well as the pivotal importance of national and private sector interests, there is competition not just between European countries, but between Europe and the US for a share in Iran's market of approximately 80 million people, specifically in the arenas of non-governmental and business enterprises. Commercial interests are the most important issue in this regard. Negotiations between Iran's Ministry of Petroleum and large oil and gas companies have already begun. In addition, Iran's Ministry of Industry is in dialogue with global automobile manufacturing and passenger aircraft companies such as Airbus, Boeing, and others. Of course, these companies and industries are eager to sign contracts with Iran in a range of related fields, and some of those agreements have already been reached.<sup>26</sup>

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24 Eng.tpo.ir, (2018) *Iran Trade Promotion Organization - Why Iran*, Available at: <http://eng.tpo.ir/index.aspx?siteid=5&pageid=2146> (Accessed: 10 May 2018).

25 Ec.europa.eu, *Countries and regions – Iran*, *op.cit.*

26 Thomas, E., & Clark, N. (2016) "U.S. Allows Boeing And Airbus To Sell Planes To Iran", *New York Times*, 21 September, Available at: [https://www.nytimes.com/2016/09/22/world/middleeast/iran-airbus-boeing-aircraft.html?\\_r=0](https://www.nytimes.com/2016/09/22/world/middleeast/iran-airbus-boeing-aircraft.html?_r=0) (Accessed: 10 May 2018).

In conclusion, there are grounds for optimism about the future of commercial relations between Iran and the EU's member countries, despite the emerging obstacles, and opposition from various quarters. Nonetheless, political will from both sides, along with the importance of this agreement for all involved, provides a strong basis for moving forward.

### ***Existing Barriers to Iran-EU Economic Relations***

Big European banks are still worried about establishing bank exchanges with Iran. However, if authorities in Brussels have autonomy of will, these concerns are no longer justified.

The EU can change these conditions by providing certain competences to these institutions, or at least by providing a more operational context.

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i. The implementation of JCPOA's economic section is subject to the complete elimination of banking transactions (such as purchasing 118 Airbus aircraft, which requires financial guarantees from reputable European banks). Many other agreements are not actually possible without the removal of sanctions on bank exchanges. The US has previously applied heavy fines against large European banks. The fear that these fines will be repeated has given rise to unease and reluctance among European banks in regard to banking transactions with Iran. At this stage, Iran wants the EU and the European Parliament to intervene and resolve these problems.

ii. Europe has only provided a tiny fraction of the credit promised by various bilateral plans between over the past two years. For instance, despite the western claims, the SWIFT problem of has not entirely been resolved, two years after the JCPOA was signed. Only a few small and medium (western) banks have established SWIFT relations with Iranian banks.

iii. Israel, Saudi Arabia, and some other Middle Eastern states are upset by the normalization of Iran's relations with the West, and particularly with the EU. They believe their interests are in danger and are seeking to sabotage their economic plans. The EU has not taken any serious action to thwart these efforts.

iv. The large Iranian market, home to a population of approximately 80 million people, is very attractive to European

investors. However, this interest has not, to any significant extent, translated into practical action in this sphere.

v. Iran values and demands the transfer of advanced and up-to-date global technology in various projects. Consequently, Tehran is seeking more than the mere purchase of goods and products, while Europeans think about how to increase their exports to Iran (without transferring technology).

vi. JCPOA should bring about concrete, positive results for both sides. The Iranians must see the benefits of JCPOA and its impact on their lives. However, the EU and the European Parliament are failing to address the unreasonable concerns about the impact of JCPOA on European traders in line with Tehran's expectations. If this continues, Iranian public opinion will turn against the EU, which would be a great loss.

vii. Iran places great import on cooperation in the field of combating drugs. Iran has made extensive efforts to prevent drug trafficking to European countries via Iranian territory, and is calling for more active and serious cooperation by Europe, including logistical assistance and advanced equipment.<sup>27</sup>

### ***Human Rights and Democracy***

EU engagement puts forth human rights, the promotion of democracy and rule of law as critical issues. The preservation of human rights and democracy therefore has a central role in all economic and commercial cooperation agreements with other

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countries, to such an extent that these two concepts can have either a stabilizing or subversive effect on those bilateral interactions.

However, Iran sees human rights and democracy as concepts that should be defined according to a country's cultural and legal norms. In essence, Tehran rejects the globalization of culture and human rights. Iran also points to the EU's double standards. For instance, despite the obvious human rights abuses in Saudi Arabia's attack on Yemen, the EU maintains extensive economic relations with the former. Iran also calls into question the EU's integrity by

27 Saeed, K. (2016) "Iran and the EU in post-JCPOA era", Islamic Republic of Iran Broadcasting world service's implied researches, pp 45-47.

pointing to the EU's inaction on the killing of Palestinian people by Israel, which has been limited only to verbal condemnation of the Israeli government's crimes.<sup>28</sup>

Iran and the EU have divergent views on respect for human rights and provision for political participation. Iran promotes itself as a religious democracy, and, despite commonalities with Western democracies, operates in a fundamentally different way in regard to the separation church and state.<sup>29</sup>

According to European secularism, liberalism and social and cultural freedom are as important as democracy and public participation in elections. Democracy is therefore impossible without liberalism. However, if the EU did not instrumentalize human rights as a political tool in its relations with other countries, Iran would share a common vision with the EU through implementation of reforms, given that it has reached an agreement with six world powers on its nuclear activities within the JCPOA framework.

In December 2002, the EU and the Islamic Republic of Iran decided to start negotiations on human rights issues. Within this framework, there were four rounds of human rights dialogues held in Brussels and Tehran from 2002 to 2004. These talks included civil society, academia, and experts from both Iran and the EU, and resulted in knowledge exchange and overall increased mutual understanding. However, they ended in 2004 and have never been resumed. Pointing out that from an Iranian perspective, human rights and dignity are gifts from God and not the charity of the UN, US or Europe, Secretary of the High Council for Human Rights Mohammad Javad Larijani states:

In this conceptualization of human rights, all nations have the sovereign freedom to choose their own direction, not necessarily Western secular-liberalism, without being penalized for choosing an independent path. Moreover, everybody is respected regardless of their race and religion, and crimes against humanity cannot be ignored. All of us should rise in a global campaign for free human rights and not let the banner of human rights be at the

28 Mizanonline.com, (2018), 15 March, Available at: <http://www.mizanonline.com/fa/news/405847> (Accessed: 10 May 2018).

29 Mizanonline.com, (2018), 14 March, Available at: <http://www.mizanonline.com/fa/news/405742> (Accessed: 10 May 2018).

hands of those who themselves commit the biggest crimes and violations.<sup>30</sup>

However, the EU emphasizes the protection of human rights in Iran on the basis of internationally recognized standards and not merely national ones. As such, following the JCPOA, in 2016, Iran and the EU once again resumed their negotiations on human rights. Since President Rouhani is required to comply with the policies of the judiciary in Iran, negotiations are continuing under the supervision of the High Council for Human Rights - which holds a different view to the Rouhani administration. Iran's

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judiciary emphasizes that it is ready to enter negotiations on human rights with the EU on equal grounds and as peers

Despite all the existing differences of opinions and barriers to greater cooperation between Iran and the EU in the field of human rights, it seems that these problems could be resolved if the EU can provide better conditions for the full implementation of JCPOA. The successful experience of JCPOA can foster greater understanding between both sides regarding controversial issues such as human rights, counter-terrorism, and cooperation in

solving regional crises in the Middle East. Of course, the Iranian side must also be convinced that it can better achieve security and sustainable peace through cooperation with Europe. Building trust requires clear mutual commitment.

### **Conclusion**

Two years after the JCPOA was signed, Iran and EU relations still face numerous challenges, the most important being Trump's opposition to JCPOA. Trump's decision seems to create three possible scenarios for Iran and the EU.

(1) The death of the JCPOA following the US's withdrawal: In this scenario, we will probably witness the complete dissolution of this historic agreement. As a result, relations between Iran and the EU will also enter a new era of tension. This is, in fact, the worst-case scenario—in it, all parties would lose.

<sup>30</sup> Mizanonline.com, (2018), 12 March, Available at: <http://www.mizanonline.com/fa/news/405007> (Accessed: 10 May 2018).



In fact, the final product would fuel more instability and insecurity in the regional countries and eventually destroy all of the efforts to reach the JCPOA as a historic agreement in the area of non-proliferation of nuclear weapons.

(2) In this scenario the EU, with the help of Russia and China, as well as Iran's cooperation, will carry out a series of actions which will relatively preserve Iran's interests. In such an outcome, despite US efforts to bar cooperation between major corporations and Iran, the EU can persuade small to medium sized companies to continue relations with Iran, following a similar approach as that which they enacted in their relations with Cuba—a building block policy— following US sanctions against that nation. The EU can potentially do all of this while continuing to confront Iran's missile capabilities and what the EU calls Iran's destabilizing effect on the Middle East. The EU would probably continue the JCPOA with Iran but enact new sanctions against Iran's missile activities and presence in Syria and Yemen. Since there is no international agreement or document to limit any given country's missile ability, the EU and the US cannot impose such a restriction on Iran through the UN Security Council without the cooperation of China and Russia. On this basis, it seems possible sanctions would have little effect and would be very limited.

(3) Should Iran and the US agree to continue dialogue with one another? The most likely scenario is one in which Iran and the US agree to continue dialogue with one another about other contentious subject areas. On the part of the Europeans, considering the fact that Trump has formed a war team by removing Rex Tillerson and replacing him with CIA Director Mike Pompeo as the new Secretary of State, appointing Gina Haspel as the new CIA Director, and John Bolton as National Security Advisor, it is hard to believe that the US still seeks dialogue with Iran. However, there have been times when even the most fervent American hardliners had a role in secret deals, such as Robert McFarlane's negotiations in Tehran during Ronald Reagan's presidency that was disclosed on May 25, 1986.<sup>31</sup>

Therefore, there is a possibility that the US and EU might cooperate in secret negotiations with Iran. However, due to Iran's

31 Nsarchive2.Gwu.Edu, (2018) *The Iran-Contra Affair 20 Years On*, Available at: <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB210/> (Accessed: 10 May 2018).

frustration in the JCPOA, it is unlikely that Iran would enter into such negotiations without the elimination of existing JCPOA obstacles. There is a middle path, contingent on a number of adjustments: the full implementation of JCPOA; US involvement to resolve the problems it has created for this process; Iran's exercising of flexibility to assure the other side of the defensive nature of its missile activities; and Iran's activities in the region complying with the frameworks of bilateral or multilateral agreements.

Since any future cooperation would be impossible if the JCPOA is lost, the EU has a double-sided plan for motivating the US to remain in the agreement. On the one hand, the EU would do this by increasing its own sanctions against Iran under the pretext of missile activities and human rights and, on the other hand, convincing Iran to reconsider its current position of not negotiating about its defense abilities and destabilizing actions in the region.

The EU knows that falling into the trap of Trump – who unilaterally ignores all of the US's commitments to the Paris Agreement, the World Trade Organization, and so forth – is a dangerous game with an uncertain outcome. Perhaps the EU, through cooperation with Russia, China, India, and other countries that have economic exchanges with Iran, can convince the US to acquiesce to international agreements, including JCPOA.

Nevertheless, despite the US and other parties' influences on the process, to solve JCPOA problems, Iran and the EU should build mutual trust, mutual understanding, mutual interests, mutual leniency, and mutual security. These are the five principles we argued to be adopted by both parties. To build trust, both sides should try to prevent any provocative action. It is not possible for a country to ignore all its previous agreements and expect the other side to cooperate in future negotiations. Equally relevantly, as part of mutual understanding, in order for JCPOA to approach fulfillment, it is necessary for both sides to completely understand each other's considerations and work together to relieve them. Building mutual interest is important because the period in which western countries negotiated with third world countries from a higher pedestal has ended. They must accept that mutual respect is a better approach to achieve mutual interests. Today, countries

can advance their policies while recognizing the legitimate interests of the other side. Similarly, the negotiating countries may only reach a final agreement when they let go of some of their demands. If countries were to insist on gaining everything they hoped for, they would never reach an agreement. By the same token, in order for JCPOA to continue, both sides need to forego some of their requirements. Finally, as the fight against ISIS in Syria and Iraq revealed, 'mutual security' cannot be ignored. To assume terrorism is going to be limited between the boundaries of one single country is a strategic mistake. The terrorist group ISIS has expanded its activities to European countries and even East Asia, North Africa and America. Collective security can only be achieved through mutual cooperation.