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Rhetorical Confrontation Is No Substitute for the EU's Iran Policy

by Riccardo Alcaro

The EU's Iran policy has been in a bind since, in rapid succession, in late summer 2022 any hope for reactivating the 2015 nuclear deal or Joint Comprehensive Plan of Action (JCPOA) dissipated, the Iranian government violently cracked down on protesters' demanding greater freedoms and women's rights, and Russia started using Iranian drones to hit civilian targets in Ukraine.

The end of the conditional engagement era of EU-Iran relations

September 2022 can indeed be seen as marking the end of the twenty-year-long "JCPOA-era", during which EU policy was dominated by diplomacy over Iran's controversial nuclear programme. Driven by France, Germany and the United Kingdom, as well as successive High Representatives for EU foreign and security policy (collectively, the group is known as the E3/EU), the EU invested massive political, diplomatic and economic capital in making sure that Iran would not develop a nuclear weapon capacity.

The EU's interests were worth the effort: a nuclear-armed Iran would have inflicted a severe blow to the Nuclear Non-Proliferation Treaty, a pillar of international security, and risked provoking a major military conflagration in the Middle East involving Iran's foes, most notably Israel and the United States.

The strategy was sound. The E3/EU prioritised the nuclear issue to (amongst others) sidestep intra-EU disagreements over other issues of concern emanating from Iran, including its abysmal human rights record, and compartmentalised it from the many regional flashpoints in which Iran was involved (Syria, Iraq, Yemen, Lebanon). The E3/EU multilateralised the crisis management effort to get more international legitimacy and, most importantly, create room for the United States and Iran to engage.

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The ultimate goal was ambitious but foresighted: solving the nuclear dispute would not just remove a major issue of concern but set a precedent over which a broader engagement with Iran could be sought.

The E3/EU's strategy seemed to have succeeded when Iran and the United States, along with Russia, China and the E3/EU themselves, signed the JCPOA in July 2015 and incorporated it into United Nations Security Council Resolution 2231.

However, the deal did not survive a change in government in Washington. In 2018 then President Donald Trump unilaterally abandoned the JCPOA and re-imposed all sanctions that had been suspended. Despite remaining politically committed to the deal, the E3/EU failed to protect their companies and banks from the extraterritorial reach of US sanctions. EU-Iran trade collapsed.

Iran saw the whole benefits structure of the JCPOA – a normalised economic relationship and a standing political dialogue platform with the EU as well as a sort of long-term truce with the United States – vanish. The consequences have been severe and damaging.

Iran has restarted all nuclear activities and is now closer than ever to have a latent nuclear-weapon capacity. For a while it became so aggressive in the Gulf that its Arab rivals Saudi Arabia and the United Arab Emirates eventually opted for détente. The more moderate and pragmatic faction inside Iran that had championed the opening to the West lost all influence. Virulently anti-Western hard-liners, from both the Islamic Revolutionary Guards Corps and amongst ultraconservative clerics, took control of all power centres. The Islamic Republic became more repressive at home and keener to strengthen ties with Western rivals Russia and China.

The start of the confrontation era in EU-Iran relations

All these trends came to a head in September 2022 with the aforementioned triple shock to EU-Iran relations. Since then, prioritisation and compartmentalisation of the nuclear issue have no longer been possible for the Europeans. The parallel crackdown on protestors and military support for Russia in Ukraine have made the very notion of engagement with Iran toxic. Confrontation has been the only game in town.

The problem is, the EU finds extremely difficult – if not impossible altogether – to articulate its rhetorical confrontation with Iran into policies that actually help pursue its composite set of interests with regard to Tehran, which now extend beyond nuclear proliferation and Middle Eastern stability to European security and the protection of human rights inside Iran.

The reason for that is that the potential of pressure to extract concessions from Iran is minimal. EU countries have a naval military presence in the Mediterranean, the Red Sea and the Gulf of Oman that provide for a measure of deterrence. They have also adopted a set of targeted sanctions against individuals and entities variously

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responsible for human rights violations and assisting Russia in Ukraine. But there is not much else they can do.

Russia and China provide Iran with diplomatic cover. The EU's economic leverage was largely exhausted when it cut down its significant trade and investment relationship with Iran in the early 2010s. At the time the pressure lever was effective because the EU was willing to lift all sanctions if Iran had agreed to nuclear limitations. Trade did resume after the signing of the JCPOA, but then it collapsed again courtesy of US extraterritorial sanctions.

Pressure alone will therefore not bring the EU any closer to its objectives. What options are left? The hard reality is that the Europeans can hope to get something from Iran only if they are willing to put incentives on the table.

To be sure, such incentives would by no means be the kind of large-scale benefits enshrined in the JCPOA. The EU should not seek to normalise trade with Iran, nor can it aim for constructive engagement. Today's Iran has made a clear and for the time being irreversible choice to confront Europe and seek closer ties with Europe's main foe, Russia. The EU should therefore see Iran just like Iran sees Europe: as a rival.

Still, rivals – even enemies – can and do engage over limited issues. The US-led Western bloc and the Soviet Union did so during the Cold War, and so do Iran and Saudi Arabia (and the Emirates) now. Even the Biden Administration has engaged in the exercise: last summer it agreed to a prisoner swap and to unfreeze Iranian funds held in South Korea (though it stopped that after Hamas' attack on Israel). It has also repeatedly engaged the Iranians in the attempt to keep rising tensions over Israel's war in Gaza from spiralling out of control. If these actors have engaged Iran without prejudice to their fundamental antagonism towards it, so can and should the EU.

Incentives and rivalry are not entirely mutually exclusive

The EU's goal in pursuing limited forms of engagement with Iran would be fourfold: first, provide benefits to the Iranian population; second, support Iranian-Saudi and Iranian-Emirati mechanisms for dialogue over regional security arrangements; third, impact Iran's calculations about the wisdom of sending more advanced weapons systems (e.g. ballistic missiles) to Russia; fourth, incentivise Iran to keep its nuclear programme at its current size. All this would also help individual member states to address the delicate issue of Iran's detention of European or dual nationals on spurious charges.

Taken together, these measures would advance the EU's desire to ameliorate Iranians' living standards as well as its interests in regional stability and European security. Critically, they would raise Europe's profile in the region, giving it a small but not insignificant role to play. The incentives that the EU would give Iran to meet these objectives would be limited and calibrated, and of both economic and non-economic nature.

There are a number of areas in which the resumption of EU-Iran trade would

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benefit the Iranian population. These include goods not sanctioned by the United States, such as food, meds and medical equipment, and extend to non-security sectors such as green technologies, water management, civil aviation (to make a few examples).

Given the lingering pervasiveness of US extraterritorial sanctions, the EU should consult with US authorities in advance to identify which sectors would be safe for EU companies and banks to do business in. Should the United States not be forthcoming, the EU should pursue options to provide Iran with trade benefits via the Emirates, which could re-export EU goods to Iran and/or provide EU exporters with credit lines.

The EU should also use its development cooperation assets to carry out projects inside Iran with potential to improve Iranians' living standards; environmental degradation, water pollution, rural development, rural literacy programmes, reception of refugees, are just examples of what the EU (directly or through UN-led agencies) could contribute.

Furthermore, the Europeans should work on expanding ordinary Iranians' options. Member states should ease, not increase, restrictions on movement (at least for certain categories: family re-unions, students, certainly Iranians at risk of prosecution), reverse the current trend in limiting academic collaboration, allow Iranian residents to open bank accounts and send remittances back home. The EU should also do more to give Iranians greater access to Internet services through support for VPN providers.

Finally, the Europeans should keep political consultations with Iranian officials (including from the security services) in place, bilaterally and in cooperation with their Arab partners. Far from being any form of legitimation of the Iranian government's behaviour, these consultations are a means to keep each side informed about the other's main concerns and can work as détente mechanisms. This would not prevent the Europeans from holding Iran accountable for the way it treats its population, especially women and minorities, in every multilateral forum of relevance.

Europe's limited engagement with Iran need not to be centralised at the E3/EU level. In fact, Europe could make a strength of its multi-actor character and pursue this multifaceted approach on different tracks presided over by EU institutions (the External Action Service, the Commission, EU development agencies) as well as by individual member states. Given that the nuclear issue has lost its pre-eminence, the time has come for other actors than the E3 to take the initiative, although it would be highly advisable that the High Representative maintains an overarching coordination role.

The JCPOA-era and its lofty ambitions are over. EU-Iran relations have become confrontational and are destined to remain so for the foreseeable future. However, pressure is not the only policy option compatible with confrontation and rivalry, especially given the minimal room left for the EU to apply it. Rhetorical confrontation will not persuade Iran to remain this side of the military nuclear threshold, exert

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restraint in its shadow war with Israel, or limit its military assistance to Russia. The EU and its member states may have a better chance to get some modest results on all those fronts, while also giving Iranians some respite, through a calibrated set of limited incentives coordinated with the United States and/or their Arab partners.

Following the end of the JCPOA era, Europe basically ceased to have any role of significance in the geopolitics of the Middle East and the Gulf, even if it continues to be impacted by developments there. If it wants to regain a measure of influence, the time has come to leave the comfort zone of edifying condemnation of Iran and start navigating the agitated waters of the multipolar age.

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