

Regional Geopolitical Rivalries in the Middle East: Implications for Europe

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ABSTRACT

The Middle East faces a fragile and turbulent decade ahead. A forceful obstacle to sustainable peace and development in the region has been the heated rivalry unfolding between Iran and those countries opposed to it – led by Saudi Arabia, the United Arab Emirates and Israel, and strongly supported by the US. The Donald Trump administration's aggressive stance on Iran is likely to fuel the regional tensions. European actors need to delicately navigate the region's geopolitical tensions and use the limited leverage they have to push against the current trend towards greater instability and perhaps a wider inter-regional and global conflict.

Europe | Middle East | Iran | Saudi Arabia | Israel | US | Sanctions

keywords

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Introduction

The Middle East faces a fragile and turbulent decade ahead. A forceful obstacle to sustainable peace and development in the region has been the heated rivalry unfolding between Iran and those countries opposed to it – led by Saudi Arabia, the United Arab Emirates (UAE) and Israel, and strongly supported by the US. The Donald Trump administration's aggressive stance on Iran is likely to fuel the regional tensions. European actors need to delicately navigate the region's geopolitical tensions and use the limited leverage they have to push against the current trend towards greater instability and perhaps greater conflict.

Over the last two decades the region has undergone a series of military conflicts; failing economies and state structures; poor governance; revolutions and civil uprisings; natural and man-made humanitarian disasters; rise in extremist groups; nuclear proliferation threats and the use of chemical weapons; and the mass migration of people. The Syrian crisis and the consequent surge in terrorism and refugee flows have had serious implications for Europe, thus demonstrating that insecurity in the Middle East is directly connected to European internal stability.

The trajectory ahead looks bleak. Yemen and Syria remain stuck in military conflicts and require enormous humanitarian aid, stabilization and reconstruction efforts – the demand for which will continue well into the period after violence eventually subsides. Iraq and Lebanon grapple with extensive political tensions and economic deficiencies and could relapse into violence as a result of civil unrest, terrorist insurgency, spill-over effects from the conflict in Syria and growing inter-state tensions across the Middle East.

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Other countries, including Iran, Saudi Arabia and Israel, face domestic problems and are locked into a perilous geopolitical environment where maximalist positions drive politics and hard power is idealized. Regional powers seem to have little appetite for engaging in inter-state war. Yet their assertive approach and personalized foreign policy have already played out to the detriment of third parties such as in Syria, Yemen, Lebanon and Qatar, creating the conditions that fuel intra-state conflicts. With inter-state relations becoming ever more strained, the risk of military escalation increases by the day. Meanwhile, Turkey, while not geographically in the Middle East, is increasingly playing the role of a regional power through its shared borders with Iraq and Syria, thus adding to the complexity of the Middle East's predicament.

While global powers such as Russia and the US remain active in the Middle East, regional protagonists are implementing their own foreign policy. Moscow and Washington have at times been unable or unwilling to shift their regional partners away from pursuing greater confrontation. European actors have been increasingly blindsided by events and marginalized on important political tracks, particularly on the Syria file.

Nevertheless, there are certain areas, such as Iran policy, where there is an appreciable European influence and stake to impact calculations of certain regional actors. There are also examples, such as in Lebanon, where the timely intervention by European governments has contributed to security in the Middle East. Going forward, European actors should pursue policies that help reduce political polarization, violence and risk of military confrontation in the region.

1. Understanding the position of regional protagonists

In the past five years, relations between Europe and key players in the Middle East have notably changed. This has primarily been the result of shifts in the foreign policy of regional actors that are increasingly feeling confident to act on their own, often by adopting a zero-sum reading of regional developments. Iran, Saudi Arabia, Israel and Turkey are engaged in a complex set of conflicts in the Middle East and each pursue an assertive and hard-power-driven policy to cement what they perceive as their strategic interest in the region. One important intersection of these regional protagonists is over Iran.

1.1 Regional geopolitical tensions centred over Iran

Like most states, regional protagonists largely justify their actions in the Middle East as a necessary and effective response to defend against critical security threats. For Iran, there is an immediate and active insurgency threat from terrorist groups on and near its borders with countries that have long struggled with security,

such as Afghanistan, Iraq and Pakistan.¹ More broadly across the Middle East, Iran assesses security threats predominantly through the prism of the hostile action of the US and Israel, its most powerful enemies whose conventional military forces are vastly superior to Iran's.

To address this imbalance, Iran has sought to expand its missiles programme primarily to deter and minimize the impact of aggression.² Iran has also embraced asymmetric tactics using allies such as Hezbollah in Lebanon, the Houthis in Yemen and militias in Syria and Iraq to solidify its regional role, as well as by establishing a direct presence on Israeli borders that could deter Israeli military strikes inside Iran.

Since the 1979 revolution, Iran has expended time and resources on its regional policy through cultivating networks of state and non-state actors and more importantly remaining present on the ground. The US-led invasion of Iraq in 2003 presented Iran with an opening to improve relations with the Shia majority government in Baghdad after a long period of conflict with Iraq. Like in Lebanon, Iran was able to use soft power and long-established links to Shia communities to cultivate loyalty within both political and militia forces. In 2014, as Iraq lost territory to the Islamic State (ISIS), Iran was the first country to meaningfully assist the Iraqi government and Kurdish forces in confronting ISIS forces.³ Iran was thus able to bolster an already strong presence in Iraq.

Over time, Tehran's influence over the security apparatus and political dynamics in Iraq has grown sufficiently to put it on a par with the US. This was demonstrated in October 2017 when Iran played a crucial role in calming the waters between Iraqi and Kurdish forces in the aftermath of the independence referendum in Iraqi Kurdistan.⁴

In Syria, Iran has stood by its long-term ally Bashar Al-Assad over the seven years of conflict, providing him with economic, military and political backing despite the compounding costs at home and abroad. During the course of the conflict, and especially after Russian President Vladimir Putin sent in air, naval and special forces in support of Damascus in September 2015, Iran and Hezbollah have gained superiority on the ground. In combination, Iran and Hezbollah have proved to be an effective military partner for Assad and the Russian army.

¹ See for example: "Iran Guards Say They Killed 10 Militants Near Iraq Border", in *Reuters*, 11 August 2018, <https://reut.rs/2B1vth1>; Nicholas Cappuccino, "Baluch Insurgents in Iran", in *The Iran Primer*, 5 April 2017, <https://iranprimer.usip.org/node/3931>.

² For background see: Michael Elleman and Mark Fitzpatrick, "Are Iran's Ballistic Missiles Designed to Be Nuclear Capable?", in *IJSS Analysis*, 28 February 2018, <https://www.iiss.org/blogs/analysis/2018/02/iran-missiles-nuclear-capable>.

³ Martin Chulov, "Iran Sends Troops into Iraq to Aid Fight against ISIS Militants", in *The Guardian*, 14 June 2014, <https://gu.com/p/3q58h>. For background see: Dina Esfandiary and Ariane Tabatabai, "Iran's ISIS Policy", in *International Affairs*, Vol. 91, No. 1 (January 2015), p. 1-15, <https://www.chathamhouse.org/node/16657>.

⁴ Raya Jalabi, "Iran Seen as Winner After Iraq's Kurds Lose Referendum Gamble", in *Reuters*, 31 October 2017, <https://reut.rs/2zmsONr>.

Over the past decade, an expanding ground presence in Iraq, Syria and Lebanon has provided Iran with considerable leverage over the future power balance in the Middle East. Tehran's growing influence is vigorously opposed by its foes and has become a source of concern for European governments that are long-term partners of Iran's regional rivals, Saudi Arabia and Israel.

Traditionally, Iran has not viewed Saudi Arabia as an imminent security threat, but rather as a force that executes US foreign policy in the region. In recent years this calculation has somewhat altered due to Saudi Arabia's extensive media and political campaign against Iran, its support to opposition groups fighting against Iranian-backed forces in Syria, and its general pressure campaign against Hezbollah. Since 2015, relations between Iran and Saudi Arabia have precipitously worsened. The Saudi Crown Prince Mohammad Bin Salman has been particularly outspoken in his criticism, depicting Iran as an existential threat to the Kingdom.⁵

Yemen, which borders Saudi Arabia and has been engulfed in conflict and civil war since 2011, presented Iran with an opportunity to distract both Saudi Arabia and the UAE away from the Syrian conflict. Since March 2015, the Saudi-led coalition has been engaged in a costly war in Yemen. Western officials largely believe that Iran has spent relatively minimal resources to create unfavourable military conditions for Saudi Arabia.⁶

Iran has made a habit of optimizing opportunities presented to it by the mistakes or misfortunes of others. For example, Tehran was quick to reach out to Turkey's President Recep Tayyip Erdogan to offer support in the aftermath of the failed 2016 coup attempt.⁷ The frictions between the US and Turkey following the coup, including recent US sanctions against Ankara, have created more space for Iran and Turkey to cooperate on regional security and economic policies.

Due to its perceived immediate security threats, Ankara has shifted its priority in Syria away from weakening Assad to containing Kurdish groups, whose aspirations for independence in bordering areas constitute the major concern for Turkey. This has created more bargaining space for Iran and Turkey to resolve their difference in Syria through the trilateral format with Russia.

While Turkey has sought to maintain strong ties with both Iran and Saudi Arabia, the softening of relations with Iran has dealt a significant blow to Saudi Arabia's attempts to form an allied Sunni front against Iran. Saudi Arabia has also been

⁵ See for example: Ben Hubbard, "Saudi Crown Prince Likens Iran's Supreme Leader to Hitler", in *The New York Times*, 15 March 2018, <https://nyti.ms/2FJmA9N>.

⁶ Off-the-record interviews with European and US officials, January–June 2018. See: UN Security Council, *Final Report of the Panel of Experts on Yemen*, 26 January 2018, <http://undocs.org/S/2018/594>.

⁷ "Regional Rival Iran Expresses Support for Turkey over Coup Attempt", in *Reuters*, 16 July 2016, <http://reut.rs/2a0DYIJ>.

unsuccessful at forming an “Islamic Military Alliance” or a united front among Gulf Cooperation Council (GCC) states to oppose Iran. After the Saudi-led boycott of Qatar in 2017, Iran moved swiftly and successfully to deepen its economic and political relation with Doha.⁸ Tehran has also managed to remain engaged with Oman and has attempted to thaw relations with Kuwait.⁹

Despite Iran’s gains in the region, Tehran also faces significant constraints. In both Syria and Iraq, political forces have at times distanced themselves from Iran to maintain control over security apparatuses and reduce the perception by their own population that they are Tehran’s puppets. During the last elections in Iraq, both Prime Minister Haider al-Abadi and opposition figure Moqtada Sadr downplayed relations with Iran and reached out to Saudi Arabia as a means to mark their independence from the Islamic Republic.¹⁰

Israel has sought to limit Iran’s presence in Syria through a series of military strikes inside Syria that have targeted Iranian military hardware and forces.¹¹ Free from the limitations placed on it by the former Obama administration, Israel has stepped up its military interventions in Syria to target Iran and Hezbollah. In 2018 there have been a number of incidents between Israel and Iranian-backed forces that could have escalated into a wider conflict. Russia, which is Iran’s military partner in Syria, has stepped in to try and ease tensions. Yet Russia has also turned a blind eye to these strikes and in the past has been unwilling to shield Iranian-backed forces from opposition attacks in Aleppo.¹²

Israel’s Prime Minister Benjamin Netanyahu has clearly outlined to both Washington and Moscow that ultimately Israel seeks to force all Iranian presence out of Syria and in that vein has shown little appetite for halting escalatory military strikes over the course of 2018. Yet neither Moscow nor Damascus seem willing to support this approach and there is no indication that Israel, absent US military backing, will shoulder the burden of deploying a full-scale military offensive required to completely roll back Iranian presence in Syria.

⁸ Declan Walsh, “Qatar Restores Full Relations with Iran, Deepening Gulf Feud”, in *The New York Times*, 24 August 2017, <https://nyti.ms/2vtkGnE>.

⁹ See for background: Sanam Vakil, “Iran and the GCC. Hedging Pragmatism and Opportunism”, in *Chatham House Research Papers*, September 2018, <https://www.chathamhouse.org/node/37521>; Bozorgmehr Sharafedin, “Iran Urges Gulf States to ‘Seize the Opportunity’ of Rouhani”, in *Reuters*, 14 February 2017, <http://reut.rs/2kNOp92>.

¹⁰ See: Firas Maksad and Kenneth M. Pollack, “How Saudi Arabia Is Stepping Up in Iraq”, in *Foreign Affairs Snapshots*, 21 August 2017, <https://www.foreignaffairs.com/articles/middle-east/2017-08-21/how-saudi-arabia-stepping-iraq>. There have been a number of high-level visits between Iraqi and Saudi leaders; for example see: “Iraqi-Shiite Leader Sadr Makes Rare Visit to Saudi Arabia”, in *Reuters*, 30 July 2017, <http://reut.rs/2tPxXXQ>.

¹¹ See for example: Loveday Morris, Ruth Eglash and Louisa Loveluck, “Israel Launches Massive Military Strike against Iranian Targets in Syria”, in *The Washington Post*, 10 May 2018, <https://wapo.st/2rydp67>.

¹² See for example: Arash Karami, “Iranian Officials Blame Aleppo Cease-fire Violations for Military Casualties”, in *Al-Monitor*, 10 May 2016, <http://almon.co/2nox>.

Perhaps the biggest constraint facing Tehran's ambitions has been that its regional role has helped galvanize cooperation between Israel on the one hand, and Saudi Arabia and the UAE on the other, which in combination have proved to be exceptionally influential in the Trump White House.¹³ Despite significant tensions over the issue of Palestinian statehood, the common enmity towards Iran has created the conditions for a new alignment in the Middle East.¹⁴

For the anti-Iran front, the Islamic Republic poses immediate and longer-term challenges. In the aftermath of the 1979 revolution, Saddam Hussein's eight-year war with Iran, in combination with US sanctions, somewhat neatly boxed Iran into a corner. Yet over the past decade, since the toppling of Saddam Hussein in Iraq and the weakening of Egypt's role in the Middle East, Iran has gained ascendancy in the region. Notwithstanding its much weaker economic position relative to Israel and Saudi Arabia, Iran has effectively utilized its ground presence, political and security links with both state and non-state actors to gain a dominant hand in the region.

Saudi Arabia repeatedly contends that the Shia theocratic leadership established in Tehran by the revolution is driven primarily by an ideological and sectarian ambition to become the hegemon of the region. Israel asserts that Iran poses an existential threat given the hostile rhetoric of the Iranian leadership against Israel's statehood and its strong ties with Hezbollah, which has confronted Israel and continues to pose direct threats to its borders with Lebanon and Syria.

Under the Obama administration, a major source of concern for the anti-Iran front was that through reaching the nuclear agreement, relations between Iran and the United States would gradually thaw. The eventual economic integration of Iran with the West, as originally envisaged by the lifting of sanctions under the nuclear deal, posed a longer term threat for the anti-Iran front. Iran's potential economic growth, with its educated population of 80 million, promises competition for the likes of Saudi Arabia and the UAE, which are struggling with economic challenges at home.

Unsurprisingly, the anti-Iran front has focused its efforts on denying Iran the economic benefits anticipated by the Joint Comprehensive Plan of Action (JCPOA), the nuclear agreement signed in 2015 between Iran and a group of six countries (Britain, China, France, Germany, Russia and the US) plus the EU. The anti-Iran front was able to advance its agenda by providing backing to Trump's decision to exit the agreement and re-impose the wide-ranging sanctions that had been

¹³ See for example: Adam Entous, "Israeli, Saudi, and Emirati Officials Privately Pushed for Trump to Strike a 'Grand Bargain' with Putin", in *The New Yorker*, 9 July 2018, <https://www.newyorker.com/news/news-desk/israeli-saudi-and-emirati-officials-privately-pushed-for-trump-to-strike-a-grand-bargain-with-putin>.

¹⁴ See for background: Moshe Yaalon and Leehe Friedman, "Israel and the Arab States", in *Foreign Affairs Snapshots*, 26 January 2018, <https://www.foreignaffairs.com/articles/israel/2018-01-26/israel-and-arab-states>; Jonathan Marcus, "Israel and Saudi Arabia: The Relationship Emerging into the Open", in *BBC*, 3 April 2018, <https://www.bbc.com/news/world-middle-east-43632905>.

suspended pursuant to the deal. This includes US secondary sanctions aimed at significantly reducing Iran's global oil exports – on which Iranian revenues remain heavily dependent.

Israel and Saudi Arabia have pressed Europe to adopt similar economic sanctions against Iran and have supported the US effort to significantly reduce Iranian oil exports globally. In parallel, they have tried to place a spotlight on the financial cost of Iran's regional conduct, which is the subject of increasing vocal scrutiny inside the country, as a number of scattered but recurring anti-government protests since December 2017 attest.¹⁵ The anti-Iran front, which may now count on a growing legion of Iran hawks in the Trump administration, is seemingly supportive of regime change in Tehran.¹⁶

The anti-Iran front faces significant political, strategic and military constraints in how far it can roll back Iranian gains in the region. It has nevertheless been re-energized by the Trump administration's aggressive posture towards the Iranian leadership, including an openly stated policy goal of fostering Arab–Israeli cooperation and establishing an Arab NATO to confront Iran.¹⁷

1.2 Role of external players

Even if economic powerhouses China and Europe have some influence in the Middle East, Russia and the United States remain the dominant external players in a region where hard power rules. Through its military intervention in Syria, Russia has established itself as a credible external power in the region. One of Moscow's primary objectives in Syria has been to prevent the US from toppling another regime opposed to US foreign policy designs, as it did with Saddam Hussein's Iraq in 2003. The Middle East forms part of the Kremlin's larger vision of a multipolar international order and its opposition to Western-led regime change policies. Russia's rise in the Middle East has in part been due to its ability to interact and bargain with all regional players through a largely transactional relationship.

This pragmatic approach has enabled Russia to be viewed as a political brinkman between Iran, Israel and Turkey, with the ability to use its access to de-escalate some hazardous instances of military tensions. Moscow and Tehran have formed a strategic relationship across military, security and political levels in Syria. While this

¹⁵ Interviews with officials from Saudi Arabia and the United States, January–June 2018. See also: Asa Fitch, "Iran's Spending on Foreign Conflicts Raises Protesters' Ire", in *The Wall Street Journal*, 2 January 2018, <https://www.wsj.com/articles/irans-spending-on-foreign-proxies-raises-protesters-ire-1514920398>.

¹⁶ See for example: Yonah Jeremy Bob, "Ex Mossad Official: Israel, U.S., Saudis Can Help Regime Change in Iran", in *Jerusalem Post*, 15 May 2018, <https://www.jpost.com/Middle-East/Ex-Mossad-official-Israel-US-Saudis-can-contribute-to-change-in-Iran-556502>.

¹⁷ Yara Bayoumy, Jonathan Landay and Warren Strobel, "Trump Seeks to Revive 'Arab NATO' to Confront Iran", in *Reuters*, 27 July 2018, <https://reut.rs/2OoO7C7>. Also see: Hassan Ahmadian, "Why Iran Isn't Concerned over US Plans for Arab Nato", in *Al-Monitor*, 9 August 2018, <http://almon.co/33cq>.

falls short of an alliance structure or a deep partnership, the Iran–Russia military relationship is clearly more advanced compared to their respective ties with other regional actors. While Russia has showcased its self-confidence in entering the Syrian conflict, it remains uncertain if it has the resources and capacity to bring the civil war to an end and foster stability in the country.

Meanwhile the Trump administration, through its decision to sabotage the JCPOA, has definitively closed the limited channels for dialogue with Iran that had opened up after the signing of the deal. Aside from the withdrawal from the JCPOA, President Trump's other actions have also created political shockwaves across the Middle East, fuelling escalation. For example, his initial stance in support of the Saudi-led blockade of Qatar contributed to a breakdown of relations within the GCC that continues till this day. Trump's decision to move the US embassy from Tel Aviv to Jerusalem in May 2018 was an act of provocation that helped fuel Palestinian despair, also contributing to renewed violence in the Gaza Strip that revived international and regional attention to the conflict and caused unnecessary headaches for Washington's Arab allies in Amman, Cairo and Riyadh.¹⁸

2. Bleak trajectory ahead

There is little to indicate that tensions between regional players will ease in the near future. Going forward, the priority for the anti-Iran front and the US administration is likely to remain the weakening of the Iranian leadership through international isolation and sanctions. While President Trump seems disinterested in increasing the US military footprint in the Middle East, the recent wave of new appointments inside the administration could drive policy towards a more active pushback against Iran in places like Syria and Yemen. Yet, it is unclear what this confrontational policy on Iran means for the region, especially in Iraq, Syria and Lebanon where both Iran and the US have considerable assets.

In Lebanon, the political shock following Prime Minister Saeed Hariri's widely reported forced resignation and detention in Saudi Arabia seems to have calmed after an intervention by France and the UK to ease the situation.¹⁹ For now the fragile system holding Lebanon together continues, but could verge towards collapse if another similar incident takes place. Lebanon is vulnerable to further political, economic and security instability as it grapples with a large refugee flow from Syria. In addition, the country continues to be trapped in a cycle of tensions between Israel and Hezbollah. Israeli government officials have warned that, should it come to war with Hezbollah, they will consider the whole of Lebanon a legitimate target.

¹⁸ Nidal al-Mughrabi and Jeffrey Heller, "Israeli Forces Kill Dozens in Gaza as U.S. Embassy Opens in Jerusalem", in *Reuters*, 14 May 2018, <https://reut.rs/2rJmEQW>.

¹⁹ For example: David Ignatius, "Saudi Arabia Forcibly Detained Lebanon's Prime Minister, Sources Say", in *The Washington Post*, 10 November 2017, <http://wapo.st/2zxIPzt>.

Iraq, which borders Iran, Saudi Arabia and Turkey, is particularly exposed to regional rivalries and the conflict in neighbouring Syria. US policy towards Iran has had unintended consequences for Iraq despite repeated calls by Haider al-Abadi to keep Iraq insulated from US–Iran tensions.²⁰ Yet recent US sanctions against Iran have placed economic strain on Iraq and created political friction between Baghdad and Tehran in ways that could be detrimental to maintaining Iraq's neutrality.²¹ Moreover, there are reports that Iran has increased its transfer of ballistic missiles to Iraq – a possible signal to the United States that Iran is bolstering its ability to target US forces in the region.

In Syria, current dynamics remain ripe for further military exchanges between Israel and Iran. The situation has slightly eased following Russian talks with Israel, and the Helsinki Summit in July during which Presidents Putin and Trump seemingly found some important convergence on Syria. Over the summer, US policies in Syria edged closer to Russia's goals, with Assad forces retaking opposition-held Daraa and Iranian-backed forces retreating from Syria's borders with Jordan and Israel.²² The US administration has been highly critical of Russia's planned offensive in Idlib and has vowed to militarily respond to any use of chemical weapons. In a surprising move Trump praised Russia, Iran and Syria for suspending the military offensive.²³

Major questions remain as to whether the US administration has appetite for building a broader consensus with Russia over Syria, and the extent to which Moscow is willing, or even able to press Damascus and Tehran to implement a US–Russian-brokered arrangement. Two NATO allies, Turkey and the US, are also vastly opposed to one another on the role of Kurdish forces in Syria, with no meaningful effort on either side to resolve this standoff. More worryingly still, Syria could enter into a new spiral of conflict because of missteps or overreach by either Israel, Iran, or possibly Turkey and the United States.

The regional rivalry between Iran and Saudi Arabia has also created instability amongst GCC member states. For smaller GCC states such as Oman and Kuwait, it is increasingly difficult to maintain their relatively balanced position. Such positions have proved helpful in providing discreet conflict-resolution channels between Iran and its foes, including the special role played by Oman in facilitating back-channel talks between Tehran and Washington in 2013.

²⁰ Maher Chmaytelli and Saif Hameed, "Iraq Says Will Stay Clear of U.S.-Iran Tensions", in *Reuters*, 11 February 2017, <http://reut.rs/2lulqJ0>.

²¹ See: Tamer El-Ghobashy and Mustafa Salim, "U.S. Sanctions on Iran Hit an Unintended Target: Ordinary Iraqis", in *The Washington Post*, 14 August 2018, <https://wapo.st/2B6NFps>.

²² Dana Khraiche, "Iran-backed Forces Retreat from Golan, Jordan Border, Group Says", in *Bloomberg*, 21 June 2018, <https://www.bloomberg.com/news/articles/2018-06-21/iran-backed-forces-retreat-from-golan-jordan-border-group-says>.

²³ See remarks by President Trump at the United Nations Security Council meeting on Maintenance of International Peace and Security, New York, 26 September 2018, <http://undocs.org/S/PV.8362>.

It is possible that US-waged economic warfare against Iran will harden Tehran's policy towards the region and further increase the risk of instability. So far, there is little to indicate that there has been any strategic change in Iran's regional policy. Iran's current leadership may feel that it can weather the current storm and especially the US's sabotage of the JCPOA, as after all the Islamic Republic has survived four decades of US sanctions, eight years of war with Iraq and an international oil embargo. In light of this, it is unlikely that the anti-Iran front can pressure Tehran to reorient its regional policy so long as thousands of US troops remain stationed in Iraq, Syria and Afghanistan and a policy of regime change seemingly remains the inspirational objective of the US-supported anti-Iran coalition.

3. What should Europe do?

Since President Trump took office, European governments and the EU have largely engaged in damage control when it comes to the Middle East. Their toughest challenge is how to safeguard the JCPOA. European governments have also attempted to keep the Israeli–Palestinian peace process on life support, cool intra-GCC tensions and protect Lebanon from a major political crisis by facilitating Hariri's return to Lebanon.

Given the dominant military role played by Russia and the US, Europe carries limited influence with regional protagonists. Nevertheless, as outlined below, Europe enjoys some political and economic leverage that may help move current confrontation in the region towards a more constructive path. European policy in the Middle East should focus on protecting core interests: namely preventing further instability in the region, which creates direct security threats to Europe in the form of proliferation of nuclear and chemical weapons and terrorism, as well as challenges such as mass migration flows and energy and trade disruptions. The EU and member states should prioritize damage control, conflict de-escalation and prevention measures, such as:

(1) Sustain the Iran nuclear deal

- If Iran were to expand its nuclear programme, this would add further fuel to instability in the Middle East. As participant and stakeholder in the nuclear deal with Iran, Europe must prioritize its efforts to prevent this outcome. European governments should maintain their unified stance in support of the JCPOA despite US pressures to renege on their commitments. In return for a continued Iranian commitment to the deal, European governments should accelerate efforts to implement measures that provide Iran with at least some visible and tangible economic dividends. The snap-back of US secondary sanctions has already

prompted an exodus of European companies from the Iranian market.²⁴ If Iran sees little economic or security value in sustaining the JCPOA, it may begin to loosen restrictions on its nuclear programme or even walk away from the deal altogether. This scenario would present Europe with risks of an expanded Iranian nuclear programme that would likely be met with US and/or Israeli military strikes, with considerable ramifications for EU interests and the broader stability of the region.

- By clearly distinguishing its policy on the JCPOA from that of the US, and keeping high-level political channels open with Iran, Europe can provide Tehran with some political incentive to implement the agreement while talks progress over viable economic solutions to the threat of US primary and secondary sanctions. Europe should continue to compartmentalize its differences with China and Russia, the co-parties to the JCPOA, to work on practical measures that can minimize the impact of US unilateral sanctions targeting Iran's oil and banking sector.²⁵ Non-JCPOA parties, such as India, Oman and Turkey, could also play an important role in providing economic incentives to Iran.

- Europe's more realistic option at this point is to create the legal and practical conditions for small and medium-sized enterprises that are less exposed to the US market to continue business with Iran. For example, the decision to update the EU's Blocking Regulation creates some legal cushion for European companies that are willing to do business with Iran.²⁶ Yet these companies still lack the practical conditions to make trade with Iran cost-efficient and worthwhile. European governments must more assertively push back against US pressure on European banks and the SWIFT financial messaging service to preserve at least some limited payment channels to and from Iran. In September, the EU announced that European countries would support the creation of a "Special Purpose Vehicle" to facilitate trade with Iran (including the sale of oil).²⁷ A coalition of European governments, beyond Germany, France and the UK, should participate in operationalizing the necessary framework.

- Iran can also do far more to improve the general business conditions to attract European companies, for example by cooperating on due diligence and compliance, and processing the necessary domestic legislation to enhance Iran's banking sector in line with the Financial Action Task Force roadmap.

²⁴ "Factbox: European Companies Respond to Latest Iran Sanctions", in *Reuters*, 8 August 2018, <https://reut.rs/2vScPCG>.

²⁵ See further: Ellie Geranmayeh, "Three Years Later: Europe's Last Push on Iran Nuclear Deal", in *ECFR Commentaries*, 16 July 2018, https://www.ecfr.eu/article/commentary_three_years_later_europes_last_push_on_iran_nuclear_deal.

²⁶ For background see: Ellie Geranmayeh and Esfandiyar Batmanghelidj, "How Europe Can Block Trump", in *Foreign Policy*, 16 May 2018, <http://bit.ly/2KsZ6HV>.

²⁷ European External Action Service, *Remarks by HR/VP Mogherini following a Ministerial meeting of E3/EU+2 and Iran*, Brussels, 24 September 2018, <https://europa.eu/!pT48RP>.

(2) Avoid measures that destabilize Iran domestically and at the same time engage Tehran to ensure that its regional role does not create further tensions and instability in the Middle East

- European governments will continue to face pressure from the US administration and regional allies to move closer to the anti-Iran front. Maximalist economic pressure on Iran, as championed by these actors, could result in significantly undermining the Iranian economy, destabilizing state institutions and fuelling civil unrest in a country of 80 million people. The Iranian leadership may also increasingly securitize the country in response to US pressure and take more aggressive steps on both domestic and regional policy.

- The EU and member states should resist attempts by the US aimed at restricting space for political engagement with Iran.

- European governments should take a more nuanced position and pursue diplomatic avenues with Iran, Saudi Arabia and Israel to press for conflict resolution. The scope of their engagement with Iran should expand extensively beyond the JCPOA and economic issues. This European diplomatic effort can build on the series of talks already started with Iran across 2018 led by the EU, France, Germany, the UK and Italy to address contentious regional security files, notably Syria and Yemen. The primary objective of this European diplomatic initiative should be to develop a more concrete understanding of Iran's regional ambitions, red lines and possible areas where Iranian concessions are possible. With greater diplomatic effort this process can help reduce violence and military escalation in active conflict theatres through piecemeal agreements. This European effort could eventually create a platform to facilitate negotiations between the US and Iran over regional issues.

(3) Create channels for de-escalation of regional tensions and support fragile states

- European countries should step up their role in the Middle East by pressing regional players to end the violent conflicts in Yemen and Syria notwithstanding the odds and slim chances of success. However, through both high-level political outreach and supporting track II efforts with all regional actors, the EU and its member states may be able to create channels for de-escalation of violence and cool political tensions.

- France and the UK, which are most engaged in supporting the Saudi-led coalition in Yemen, can deploy greater political leverage to press Saudi Arabia and Iran to take important steps to ease humanitarian conditions and reduce violence through localized ceasefires between the Saudi-led coalition and Houthi forces.

- In Syria, Russia is the only actor that is actively reaching out to Iran, Israel and Turkey. By combining forces, a coalition of European governments could attempt a similar role through which they can shape developments on the ground, particularly by using their active diplomatic channels with all actors to facilitate

greater humanitarian access. Both Israel and Iran may be interested in engagement with Europe on Syria, as a means of balancing out relations with Russia and also to improve their standing with Europe on other issues where they look for support, for example for Israel on the Palestinian file, and for Iran on the JCPOA and possible reconstruction assistance in post-conflict Syria.

- European governments should also look to protect smaller countries in the region from falling prey to regional tensions. In the case of Lebanon, European actors can provide greater economic support and resilience-fostering measures to maintain and possibly eventually leverage their relatively balanced position in the regional confrontation between Iran and Saudi Arabia.

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