

Coming out and breaking out

The US, Iran and Europe go nuclear

CRU Report

Erwin van Veen



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Summary

In the short span of five years, the Joint Comprehensive Plan of Action (JCPOA) has gone from a diplomatic triumph in the service of conflict prevention and non-proliferation to a driver of polarisation and conflict. The twists and turns of its gradual decline have shown the US to be an unreliable international negotiator with few qualms about achieving regime change at the price of wholesale economic degradation of another society. Iran has evolved from an initial victim of undeserved misfortune – as it stuck to the terms of JCPOA while sanctions were brought against it – into a more repressive actor focused on its own security with little regard for the dire situation it has helped to bring about in Lebanon, Syria and Iraq. In turn, the European Union (EU) has been exposed as the ‘emperor with no clothes’ as per Andersen’s tale. Despite all its economic might, it proved unable to facilitate Iran’s return to the global economy in the face of US sanctions. This has brought closer the outcomes it sought to avoid by negotiating the JCPOA: regional nuclear proliferation and instability.

Today, the JCPOA is on lifeline support. Instead of obtaining a better deal, the US strategy of ‘maximum pressure’ has so far increased regional polarisation, conflict and the risk of proliferation. It has also undermined reformist elements in Iran’s government, impoverished its population and made it more dependent on (semi-)public charity. In addition, the US sanctions regime is producing geopolitical effects that include nudging Iran towards China and Russia as well as alienating its European ‘partners’ by exposing and abusing their lack of economic strategic autonomy. At the regional level, US sanctions risk creating an alternative economic order in the region with negative consequences for the global economy and turning Yemen into an even more protracted conflict. Sanctions have made a regional security initiative more necessary, but less likely.

It is not too late for the EU to introduce some common sense in this tense geopolitical equation. From a security perspective, the US-Iran conflict can only be resolved well after the US elections. But to defuse tensions and lower any perceived need for military action on the part of Iran, the EU can decide to support it with a large-scale Covid-19 humanitarian economy recovery package. Since such measures are already sanctions-exempt, they are a relatively conflict-free way of relieving pressure on the Iranian population and its government. It can be followed by an economic connectivity initiative that grants preferential access to the EU’s internal market for industrial and agricultural goods from the Middle East (for Iran via extended use of the ‘Instrument in Support of Trade Exchanges’ – INSTEX). Such measures will neither restore confidence between the US and Iran nor alter their regional security postures. But they can show that there is an alternative to confrontation and insert the EU more firmly between both parties as an intermediary actor.

1 Introduction

In May 2018, the United States (US) revoked its agreement to the Joint Comprehensive Plan of Action (JCPOA) and breached its commitments by activating a wide range of sanctions against Iran. While claiming to want to contain Iran in the Middle East, the sweeping nature of Washington's rhetoric and actions since 2018 suggests that its aim is more akin to regime change.¹ Official US reasons for withdrawal include the narrow scope of the JCPOA, which does not cover Iran's regional proxy forces or missile programme, as well as the expiration dates of some of its provisions, which it alleges are too favourable to Iran.² Unofficially, the foreign policy preferences of US allies Israel and Saudi Arabia have been influential factors, as has been the JCPOA's status as a foreign policy success of the Obama administration. Such reasons being as they may, Tehran was in full compliance with its JCPOA obligations between 2015 and 2019, as was certified time and again by the International Atomic Energy Agency (IAEA).³

By withdrawing from the JCPOA, the US broke the commitments it had entered into, ditched a major European diplomatic achievement that sought to bring more stability to a conflict-rich region, and squandered part of its international credibility ('pacta sunt servanda'). From roughly May 2018 to May 2019, Iran remained in full compliance with the JCPOA based on a logic of 'strategic patience' to see whether the EU, Russia and China could keep the deal alive in a meaningful economic sense.⁴ When the actions of these entities fell short of Tehran's expectations and the US terminated the sanction

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- 1 The 12 demands that Secretary of State Pompeo laid out in his May 2018 speech made this objective fairly clear. It was written to be rejected. See: Pompeo, M., *After the deal: A new Iran strategy*, The Heritage Foundation, 21 May 2018, [online](#); the gradual expansion of US sanctions from the oil/gas sector to also include banking, insurance, shipping, logistics, aviation, construction, trade and investment – all on an extraterritorial basis – points in a similar direction as it targets the entire Iranian economy in order to bring a serious contraction about. Additionally, the sanctioning of ranking Iranian officials (including its foreign minister) and the office of the Supreme Leader closed off avenues for negotiation while the labelling of the Islamic Revolutionary Guard Corps (IRCG) as a Foreign Terrorist Organization (FTO) opened the door to military action under a domestic veneer of legality.
 - 2 See: <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-ending-united-states-participation-unacceptable-iran-deal/> (accessed 22 September 2020).
 - 3 Joint Comprehensive Plan of Action (JCPOA), Vienna, 14 July 2015, [online](#); UN Security Council, S/RES/2231 (2015), 20 July 2015, [online](#); IAEA verifications and monitoring reports from 2015 to 2020 can be found [online](#) (accessed 13 June 2020).
 - 4 The essential quid pro quo of the JCPOA was regularisation of Iran's international relations and its integration into the global economy in exchange for its verifiable commitment not to produce nuclear weapons by accepting time-limited constraints on the development of its nuclear capabilities.

waivers it had extended to Tehran's major oil-importing customers,⁵ Iran took a series of small steps away from the deal and started demonstrating its regional 'harassment capabilities'.⁶ This developed into a tit-for-tat cycle of incidents that included the attack on the Saudi petrochemical complex at Abqaiq and the assassination of general Soleimani. Today, the US strategy of 'maximum pressure' has not (yet) achieved its objective, but rather tanked Iran's economy, causing its government to dig in and increasing regional instability. Its high-stakes gamble of realising geopolitical benefits through economic coercion continues.

It is with this context in mind that the paper assesses the consequences resulting from the interaction between US sanctions on Iran and continental Europe's own engagement with the JCPOA.⁷ In particular, it examines whether the case of the JCPOA is a harbinger of a growing US-European foreign policy gap. As the story of the nuclear deal remains unfinished, the paper seeks to distill lessons relevant for tomorrow's policies. The JCPOA is on lifeline support, but it is not dead yet. What makes such an assessment difficult is the fact that the US breach of its JCPOA commitments present(ed)s the European Union (EU; especially the E3 – Germany, France and the UK) with a triple crisis:

- First, the US move is part of a broader crisis in the transatlantic relationship(s). The Trump administration has forced many European countries, including the EU itself, to start repaying with interest the cost of decades of benefiting from the US political-security umbrella. While this umbrella used to be mutually beneficial, today the EU is finding out that it has limited strategic autonomy when its foreign policy interests clash headlong with those of Washington.
- Second, the JCPOA makes the longstanding EU 'foreign policy crisis' more acute. The EU was never designed to enact a coherent all-weather foreign policy commensurate with its size. Improvements – such as the European External Action Service (EEAS) – have always been incremental. Yet, the last decade features growing great power competition that puts a premium on the ability to conduct an assertive and coherent foreign policy.

5 See Reuters, 22 April 2019, [online](#) (accessed 5 June 2020).

6 Iran's steps away from the JCPOA are documented here: ICG, *The Iran Nuclear Deal at Four: A Requiem?*, Brussels: ICG, 2020.

7 The analysis focuses on the perspectives of France, Germany, the Netherlands and Brussels because the UK entered into a different strategic calculation regarding the JCPOA due to Brexit and the ensuing need to maintain good relations with the US. This paper was independently written with support from the [Tactis Institute](#). It benefited from six virtual key informant interviews in Paris, Berlin, The Hague, Brussels and Tehran in May–June 2020. I would like to thank Ellie Geranmayeh (European Council on Foreign Relations), several foreign policy officials who will remain anonymous, as well as Jalel Harchaoui, Ko Colijn and Monika Sie Dhian Ho (all Clingendael) for their review of this paper. Finally, I owe a debt of thanks to Haşim Tekineş for his excellent background research. Its contents naturally remain my own responsibility.

- Third, there is the EU crisis of confidence with Iran. Due to the inability of the EU and E3 to devise meaningful, timely and US sanction-proof alternatives for economic engagement with Iran, they basically failed to uphold their end of the bargain. The EU and E3 were engaged to facilitate the meaningful reintegration of Iran in the world economy, in exchange for which Tehran accepted (temporary) limitations on the development of its nuclear capabilities. Today, a shorter breakout time, a greater proliferation risk and growing regional tensions are the main results of this crisis.

It is with this triple-crisis in mind that the consequences of the US sanction regime against Iran for the geopolitical role of continental Europe must be considered. In terms of the structure of the paper, Section 2 examines strategic changes in the Middle East between 2011 and 2019 with the aim of situating the JCPOA within the broader geopolitical equation. Next, Section 3 analyses EU policy objectives for the JCPOA, while Section 4 offers a critical self-assessment of EU performance in respect of JCPOA implementation. Subsequently, Section 5 examines the different dimensions of the triple crisis outlined above since they have each acted as a constraint on EU policy performance. Section 6 brings the preceding sections together in a discussion of their geopolitical consequences for Europe. To conclude, Section 7 offers reflections and recommendations for EU policy going forward.

2 Evolution of the Middle East as the JCPOA's strategic environment

The negotiation, conclusion and collapse of the JCPOA did not take place in a vacuum, but in a highly dynamic period of geopolitical change in the Middle East. In 2002, when the first signs of the Islamic Republic of Iran's covert development of nuclear capabilities emerged, the region was perched between two major events that would reverberate for years to come. The first was the US-aided overthrow of the Afghan Taliban in 2001 as revenge for the 9/11 terrorist attacks on the US mainland. The US-led international security force that was intended to get the country 'back on track' subsequently got stuck in a guerrilla war with Taliban 'remnants', which has lasted until today. The second was the US invasion of Iraq in 2003 on the pretext of acting against the threat of Saddam Hussein obtaining weapons of mass destruction.

Box 1 Basic facts related to the JCPOA process

- International scrutiny of the nuclear capability of the Islamic Republic of Iran dates back to 2002 when the existence of its uranium enrichment plant at Natanz and heavy-water plant at Arak came to light.
- The 'E3' (Germany, France, UK) formed in the summer of 2003 as an EU mini-coalition. It continues to exist today. The EU High Representative facilitated the JCPOA negotiations that also included Russia, the US and China.
- The JCPOA was concluded in 2015 after a series of UN resolutions, sanctions and negotiations created enabling conditions. Only the aborted 2004 Paris agreement had come close to clinching a deal in the period 2002–2015.
- By mid-2018, the JCPOA had been turned upside down due to the US breaching its commitments and imposing sanctions.
- Between 2018 and 2020 the clock on the nuclear question of Iran was turned back to 2002, amplified by even deeper mistrust.

For more detail: <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iran>

These operations had a paradoxical effect on Iran's security situation. On the upside, they removed two enemies of Tehran from power – Saddam Hussein and the Taliban – which cleared the way for greater Iranian influence in the region, especially in Shi'a majority Iraq. On the downside, both operations also brought 'US encirclement' about, which was reinforced by President Bush's 'axis of evil' label in January 2002. Against a backdrop of deep mutual suspicion and hostility – the 1979 hostage crisis for the US; large-scale US support for Iraq in the later stages of the Iran-Iraq war – it was, in fact, surprising that the 2004 Paris agreement on Iran's nuclear capability development almost succeeded.⁸ But the election of the 'radical fundamentalist'⁹ Ahmadinejad to the Iranian presidency in 2005 closed the opportunity before it could be brought to full fruition.¹⁰ The next eight years were a crescendo of UN Security Council resolutions, Iranian resistance and prevarication, as well as mounting international sanctions. In parallel, the US and Iran fought a protracted shadow war in Iraq (2005 to 2009) that culminated in the departure of US troops in 2011. Only after the election of President Rouhani in 2013 did negotiations resume.

Meanwhile, the Arab Uprisings had turned Tunisia, Egypt, Yemen, Libya and Syria into sites of protracted political crisis or internationalised civil war. The uprisings pitted authoritarian regimes against broad but diverse popular movements that desired better livelihoods, more civil liberties, and a greater share of political power. The intensity of the protests and speed of change took regional and global powers by surprise, leaving them struggling to formulate a coherent response. The 2003 US invasion of Iraq had taken Baghdad out of the regional power equation while the overthrow of Morsi in 2013 had a similar effect in Egypt. But Turkey and Saudi Arabia gradually squared off as the champions of, respectively, Islamic majoritarian democracy¹¹ and Islamic autocracy. Iran

8 Supreme Leader Khamenei vetoed the deal because of remaining suspicion of Western intentions; the US also remained skeptical at the time. See: Straw, J., *The English Job: Understanding Iran and why it distrusts Britain*, London: Biteback Publishing, 2019; The Guardian, 8 November 2004, [online](#) (accessed 13 June 2020).

9 Katouzian differentiates four main ideological currents among Iran's political elites: pragmatists, reformists, conservatives and radical fundamentalists. The conservative establishment has been the strongest in post-1979 Iran. Mohseni offers a slightly different grouping of theocratic left, theocratic right, republican left and republican right. See: Katouzian, H., *The Persians: Ancient, medieval and modern Iran*, New Haven: YUP, 2010; Mohseni, P., 'Factionalism, privatization and the political-economy of regime transformation', in: Brumberg, D. and F. Farhi (eds.), *Power and change in Iran: Politics of contention and conciliation*, Indianapolis: IUP, 2016.

10 Katouzian (2010), *op.cit.*; Brumberg and Farhi (2016), *op.cit.*

11 In a majoritarian democracy there is less consideration of minority/individual rights and representation than in a constitutional democracy. The legitimately elected majority acts as having the right to rule as it sees fit as long as it is in power. Examples include Turkey under the AKP and Hungary under Fidesz.

responded cautiously in the beginning, even though it publicly echoed the language of rights and revolution based on its own recent history.¹²

However, when the revolutionary fire scourged the Assads in Syria, Tehran mobilised swiftly. As longstanding ally, conduit to Hezbollah and essential element of its 'defence in depth'¹³ strategy, Assad's fall would have created major strategic risks for Iran. To prevent this, it used several stratagems to help Damascus suppress the rebellion against its rule, including replicating its own Basij model, mobilising militia across the Shi'a world, and sending elements of its own revolutionary guard.¹⁴ Paradoxically, the Iranian intervention in Syria grew in significance as the JCPOA negotiations progressed. The Obama administration and the E3 compartmentalised the issues by largely ignoring Iran's support for Assad's bloody repression and destructive reconquest of Syria in order to clinch the nuclear deal. They considered a nuclear-armed Iran as a potential global threat, while they viewed continuation of the Assad dictatorship as more of a regional issue. Nevertheless, the brutality of the Syrian civil war, Iran's support for Assad and its working partnership with Russia in Syria after 2015 negatively influenced Iran's image in Europe as well as in the US, making it more difficult for the E3 to defend the JCPOA after the US revoked its participation in 2018.¹⁵ As one European interviewee put it: 'There is nothing to win by supporting Iran and the domestic costs are high.'

The rise of Islamic State (IS) in 2014 further raised the stakes of regional power competition as it offered Iran a chance to deepen its influence in Iraq through its support for a number of armed groups that are part of the Al-Hashd al-Sha'abi – a collection of Iraqi paramilitary forces that fought against IS based on a fatwa by Grand Ayatollah Al-Sistani – temporary practical cooperation with Global Coalition forces notwithstanding. Some of these Hashd groups subsequently branched out into politics and economics.¹⁶ Today, Iraq is also an essential safety valve for the sanction-hit Iranian economy – for example, in terms of Iraqi electricity imports, its Central Bank

12 It is worth noting that even in its first revolutionary decade Iran had little success in exporting its 1979 revolution across the region other than in the ideological /inspirational sense. See: Esposito, J. (ed.), *The Iranian revolution: Its global impact*, Miami: Florida International University Press, 1990.

13 This concept could only be truly operationalised after the 2003 US invasion of Iraq since Saddam Hussein represented a formidable barrier between Hezbollah/Assad and Tehran.

14 Ahmadian, H. and P. Mohseni, 'Iran's Syria strategy: the evolution of deterrence', *International Affairs*, Vol. 95, Issue 2, March 2019, pp. 341–364.

15 The argument sometimes heard in Tehran that the US and Europe also carry responsibility for the misery of Syria's population by having encouraged Turkey, Qatar and the UAE to create a protracted 'dirty war' in Syria makes some sense only if one starts by accepting that the fundamental problem was an autocratic regime using brutal suppression to stay in power against the wishes of a large part of its population.

16 See for instance: Van Veen, E. and N. Ezzeddine, *Who's afraid of Iraq's Hashd?*, War on the Rocks, [online](#), 2019.

conduit to the dollar, religious visits, and informal trade.¹⁷ Iranian support for Iraq in defeating IS came, however, at the cost of greater Iranian influence in Baghdad, with the additional advantage to Iran of geographically linking Beirut, Damascus and Baghdad with Tehran. Although one could argue that this ‘alignment’¹⁸ is made up of one country in recurrent political crisis (Lebanon), another destroyed by war (Syria), and one devastated by ethno-sectarianism (Iraq), it nevertheless poses enough of a menace to regional powers such as Israel and Saudi Arabia to rally strongly against both the JCPOA and Iran itself.

Israel and Saudi Arabia use the anti-Zionist and anti-Sunni rhetoric of high-ranking Iranian politicians, as well as Iranian support for militant organisations like Hamas, the Houthi and Hezbollah, to paint Tehran as an aggressive and revisionist actor. Although some of these concerns are well founded and understandable, they also reverse causality in a number of cases in which Iranian support largely followed initial aggression on the part of others (e.g. Israeli expansion predates Iranian support for Hamas).¹⁹ As the Obama administration gave Israeli and Saudi concerns a relatively cold shoulder, they took matters into their own hands after the conclusion of the JCPOA. Events like the Saudi invasion of Yemen (2015), the blockade of Qatar (June 2017), the hostage taking of Saad Hariri (November 2017) and the frequency of Israeli airstrikes in Syria should at least in part be seen as indications of a growing regional concern about Iran’s influence.

The events outlined above all played their part in ripening a regional security dilemma that the Trump administration could shift from passive to active with relative ease by rescinding its JCPOA obligations. Stepping back, one could take the perspective that the US interventions in Afghanistan and Iraq came to be seen in Tehran as putting Iran ‘on notice’ due to the accompanying ‘axis of evil’ label in a context of decades of mistrust,

17 On electricity imports: Radio Farda, [online](#), 2020; on the informal economy: Badawi, T., *Iran’s economic leverage in Iraq*, Carnegie Sada, [online](#), 2018; on the Iraqi Central Bank’s dollar access: Greenwald, M., *The effect of US sanctions on the Iran-Iraq alliance*, Atlantic Council, [online](#), 2020.

18 President Bush’s ‘axis [of evil]’ dates from 2002 and King Abudullah II’s ‘Shi’a crescent’ from 2004. In both cases, these terms referred to imaginary constructs. Only from about 2010/11 onwards did a geographically contiguous axis of resistance come into being in an operational sense.

19 Iran has not started an international war since its independence. It does maintain a strong network of armed groups from Beirut to Tehran that interferes significantly and negatively in the domestic affairs of these countries. Yet, this network has arguably developed more in a pragmatic (in response to events/threats) rather than in a strategic manner that would justify labels like ‘aggressive’ or ‘revisionist’. See for example: Katouzian (2009), *op.cit.*; Razoux, P., *The Iran-Iraq war*, Cambridge: Bellknap Press, 2015; Leverett, F. and H. Leverett, *Going to Tehran: Why America must accept the Islamic Republic of Iran*, London: Picador Paper, 2013. See: Watling, J., *Iran’s objectives and capabilities: Deterrence and subversion*, London: RUSI Occasional paper, [online](#), 2019; Behraves, M., *Iran’s Unconventional Alliance Network in the Middle East and Beyond*, MEI, [online](#), 2020 (accessed 26 June 2020).

but also Iran's own nuclear activities. Iran responded by making life difficult for US forces in Iraq and expanding its influence based on the alliances it had formed across the region in the 1980s, 1990s and 2000s.²⁰ This response against US neoconservative militarism acquired greater salience once the Syrian civil war started and Iran also visibly expanded its position in Syria, creating a contiguous area of greater influence as Assad weakened. The rise of IS in Iraq made it necessary for Iran to engage its military to safeguard its own national security, but conveniently also provided Tehran with another opportunity to increase its sway, which further enflamed regional security concerns.

In contrast with the Obama administration that worked with Iran against IS in Iraq and sought to leverage the JCPOA to create a more stable regional equilibrium, the Trump administration re-oriented its Iran policy towards one of direct confrontation in favour of its allies Saudi Arabia, the United Arab Emirates (UAE) and Israel. It used the JCPOA as fulcrum and sanctions as lever to defund Iran's ability to sustain its regional influence and encourage domestic unrest. But the US appetite for military confrontation remained limited, as has been illustrated by a range of security incidents in Iraq, the Persian Gulf and Saudi Arabia. Nevertheless, the internationalized Syrian civil war, fight against IS as well as Washington's more recent strategy of economic coercion have played well into Iran's 'resistance narrative'.²¹ Tehran's more assertive posture after the spring of 2019 shows it standing up against hostile US, Israeli and Saudi Arabian pressure across the region, while its economic woes can be framed as a patriotic duty that its citizens have to shoulder for their country. Faced with an uncompromising US stance, Iran's political elites of all stripes have dug in and the centre of gravity in Iranian domestic politics is shifting to the conservative factions that the US would like to see out of power.²² Paradoxically, the US maximum pressure campaign has so far hardly altered Iran's foreign policy behaviour in the Middle East but has made its population significantly more dependent on the Iranian government due to the economic hardship resulting from sanctions. The Covid-19 pandemic further deepens this development.

20 Dabashi, H., *Shi'ism: a religion of protest*, Cambridge: Bellknapp Press, 2011.

21 By 'resistance narrative', I mean here the doctrine of Iran's ruling elites that justifies their anti-US and anti-Israel policies across the Middle East for their transnational Shi'a audience. It fuses three elements: a) Shi'a eschatological elements of suffering from oppression, protest and resisting tyranny/injustice, which provide a religious foundation; b) narratives of discrimination against Shi'a minority and majority groups across the region by Sunni regimes typically supported by the US, which mobilise popular support and c) political elements of alliance, militancy and identity formation that operationalise a) and b) into a workable foreign policy. See for example: Moghadam, A. (ed.), *Militancy and political violence in Shiism: Trends and patterns*, London: Routledge, 2013; Dabashi (2011), *op.cit.*

22 Brumberg and Farhi (2009), *op.cit.* Also consider the results of the 2020 parliamentary elections in Iran in which conservatives made large gains. See: Fathollah-Nejad, F., *Where is Iran going?*, Orient XXI, [online](#), 14 April 2020.

In this geopolitical tableau of clashing forces, European countries are stuck between a rock and a hard place with respect to the JCPOA. They wish to honour the deal and are of the view that the US position is both too uncompromising and poorly thought out given the disastrous experiences of regime change and statebuilding in both Iraq and Afghanistan. Yet, Iran's foreign policy actions in Syria, Iraq and Lebanon, as well as its poor domestic human rights situation, simultaneously cause it to be perceived as an awkward actor on whom it is difficult to spend substantial political capital. At the same time, European countries face an unprecedented divergence of interest with the US that extends beyond Iran and includes their relations with Russia, China and the Gulf, as well as the nature of global trade. Defending their own interests requires a number of western European countries to liberate themselves rapidly – but selectively – from institutional and financial dependencies centred on the US that were constructed over decades.

3 European policy objectives for the nuclear deal

The basic approach of the EU/E3 has been to pursue a compartmentalised approach in their relations with Iran, of which the JCPOA was the most critical area. The interviews conducted for this brief uniformly indicate the narrow pursuit of a mechanism that would prevent nuclear proliferation across the Middle East with Iran as the linchpin, assuming that should it create a nuclear weapons capability, Turkey and Saudi Arabia will follow. In other words, the threat to regional stability of a nuclear-armed Iran was seen as both acute and meaningful. The resulting issue-specific approach also aimed to lay the groundwork for an expanding diplomatic agenda covering matters such as Iran's missile programme and regional footprint. In short, the JCPOA was conceived in London, Berlin, Brussels and Paris as a diplomatic effort to contain a credible threat of nuclear proliferation and to build confidence in the process.

Singling out the nuclear issue had the advantage of focus, but the disadvantage of unmooring it from the broader regional security equation in terms of its evolving threat perceptions, strategic posture and conventional capabilities. While connecting the two issues too tightly would have spelled a premature end of the JCPOA, their lack of connectivity meant that an opportunity was missed to embed the JCPOA negotiations in a broader regional security dialogue with political and military 'tables' that could have created space to voice concerns, develop side deals and create some confidence.

The absence of any forum for the main regional powers and their global partners to talk with one another has certainly been instrumental in building up momentum against the JCPOA when the Middle East was transformed by the geopolitical earthquakes of 2011 and 2014. When JCPOA negotiations entered the highly technical world of civil versus military nuclear capability development, it became easy to forget that the very context in which these negotiations took place was turning upside down. The JCPOA negotiations concluded in an environment in which concerns about Iran's regional security profile were mounting as it morphed into a more credible counterweight to Saudi/Emirati-led authoritarian retrenchment across the region and Israeli settler expansionism. Conversely, Iran paradoxically pursued *détente* with the West via the JCPOA, while simultaneously increasing tensions with the same West by expanding its regional militant influence in Syria and Iraq.²³ In part, this reflects the permanent competition

23 See also: Watling (2019), *op.cit.*

within Iran between pragmatist/reformist and conservative/radical fundamentalist foreign policy agendas.

Today, the European objectives of preventing proliferation and building confidence remain largely unchanged, although both are in jeopardy. Neither is there a backup plan. Interviews in Berlin, Paris, Brussels and The Hague conducted for this paper suggest that the focus of these capitals is on keeping Iran in the JCPOA as much as possible. To keep the deal alive, they intend to keep the conversation with Tehran going to buy time and to offer limited practical support to Iran via the Instrument in Support of Trade Exchanges (INSTEX) – just below the US sanctions response threshold. The idea is that if the EU/E3 can maintain communications and a very modest momentum, an upgraded form of the deal might yet be revived after the US Presidential elections in November 2020. The US aim of regime change in Iran is clearly recognised in Berlin, Paris, Brussels and The Hague. However, while it is viewed with incredulity, resistance to it is almost nonexistent due to the deeply ingrained transatlantic security reflex – especially among foreign policy communities in Berlin and The Hague.

4 European performance: A critical self-assessment

In May 2018, the US rescinded its obligations under the JCPOA. It unilaterally imposed sanctions on Iran in August of the same year that are (at least partially) illegal under international law.²⁴ In April 2019, it refused to extend the waivers it had granted to China, India, Japan, South Korea, Taiwan, Turkey, Italy and Greece (all major importers of Iranian oil). Together, these actions created a policy rupture between the US and EU/E3 not seen since the 2003 US invasion of Iraq (see Annex for a more detailed sequence of events).

While the governments of the EU/E3 swiftly expressed their enduring commitment to the JCPOA in a clearly worded press release,²⁵ activated the EU's blocking statute²⁶ to thwart US sanctions from having effect in the EU, and instructed the European Investment Bank (EIB) to facilitate trade with Iran, Europe's private sector quickly and massively disengaged from Iran (see Table 1 below) at an estimated 'cost' of at least €38 billion in foregone profit and deals.

Thus, the US was extremely effective in leveraging the fact that its market is vastly more profitable for many European multinationals than the Iranian one. This extraordinary effect could have been achieved even without the extraterritorial effect of US sanctions and the re-activated EU blocking statute since many European multinationals have a legal presence in the US that is directly vulnerable to sanction-based penalties. In short, a US government measure undid a key commitment of EU governments under the JCPOA via Europe's private sector that its governments were relatively powerless to stop, short of triggering a full-scale economic war through retaliatory measures.

24 Consider the order of the International Court of Justice of 3 October 2018, [online](#); or UN Security Council Resolution 2231 (2015, [online](#)), which was unanimously adopted (both accessed 14 June 2020).

25 See: <https://www.consilium.europa.eu/en/press/press-releases/2018/05/09/declaration-by-the-high-representative-on-behalf-of-the-eu-following-us-president-trump-s-announcement-on-the-iran-nuclear-deal-jcpoa/> (accessed 10 June 2020).

26 This is legislation that protects EU operators from extra-territorial application of third country laws. See Council Regulation (EC) No 2271/96, [online](#) and Commission Delegated Regulation (EU) 2018/1100, [online](#) (both accessed 22 September 2020).

Table 1 Overview of major European companies disengaging from Iran²⁷

	Q2 2018	Q3 2018	Main effects (all figures are estimates)
German companies	Allianz, Hapag-Lloyd, Commerzbank	Daimler, Volkswagen, Siemens, BASF, Munich Re, Deutsche Telekom, Deutsche Bahn, Lufthansa, Herrenknecht, Dürr	Cessation of business activity, loss of €1.6 billion in deals, investment and revenue, cancellation of flight connections
French companies		Airbus (French/German), Air France, Renault, Total	Loss of €33 billion in deals, investment and revenue, cancellation of flight connections
Other EU-based companies	Maersk (DK), Torm (DK)	KLM (NL), Quercus (UK), FS (Italy), ATR (Italy)	Refusal of new contracts, cancellation of flight connections, loss of €3 billion in deals

Unable to stem the exodus of their businesses from Iran, it quickly turned out that the EU/E3 did not have the ‘all weather’ diplomatic capacity required to resist the aggressive anti-Iran policy of its US ally. The blocking statute proved ineffective due to direct exposure of European companies on the US market, the EIB needing access to US financial markets, and SWIFT, despite EU protestations, disconnected Iranian banks from the global payment system under US pressure.

Next, the E3 created INSTEX to enable commercial trade with Iran without recourse to the dollar. As a ‘Special Purpose Vehicle’, its intention has been to provide a payment channel and insurance mechanism to eliminate the risk of sanctions to companies that are willing but cautious to transact with Iran. Yet, it took until January 2019 for INSTEX to be incorporated and another 14 months for the mechanism to enact its first transaction. In the same period, the scope of INSTEX was significantly reduced from covering a range of commercial transactions (including oil) to humanitarian transactions only.²⁸ As a result, it is safe to say that the initiative failed to ‘compensate’ Iran for the anticipated increase in trade and investment for which it had negotiated the JCPOA –

27 See for instance: <https://www.lowyinstitute.org/the-interpreter/european-companies-driven-out-iran>; <https://www.bbc.com/news/world-europe-44080723>; (both accessed 7 June 2020).

28 Cullis, T., *EU’s INSTEX transaction offers glimmer of hope but unlikely to satisfy Iran*, Responsible statecraft, [online](#), 2020; Von Hein, M., *EU-Iran Instex trade channel remains pipe dream*, Deutsche Welle, [online](#), 2020; Batmanghelidj, E. and S. Shah, *Protecting Europe-Iran trade to prevent war: A provisional assessment of INSTEX*, June 2019, [online](#).

and which had been subsequently blocked by US sanctions.²⁹ Nevertheless, INSTEX can also be seen as a modest act of creative defiance on the part of a Europe in search of alternative ways to protect its economic interests in a US-dominated global order. Similar initiatives may be launched with greater ease in less complicated cases in the future.³⁰

Naturally, the problem of maintaining trade and investment with Iran in the face of extraterritorial US sanctions was not unique to Europe. In fact, many of Iran's trading partners complied without much political fuss. However, the EU/E3, Russia and China – having co-negotiated the JCPOA – were bound by its commitments they now struggled to honour.

Economically, China has put in the best performance of these three, mostly by maintaining a floor in its oil purchases from Iran, in part via a Malaysia-centred conduit to maintain some deniability of ignoring US sanctions.³¹ Nevertheless, official data show a 30–40 per cent drop in bilateral trade between China and Iran: from \$3–3,5 billion in June–July 2018 to \$2 billion in June–July 2019.³² This suggests that China sought to balance demonstrating commitment towards Iran and compliance with US sanctions. Since then, escalation of the broader Sino-American trade war has made it easier for Beijing to increase the volume of trade³³ and to engage in negotiations about a long-term strategic partnership with Tehran.³⁴ Interviews suggest that trade and investment with Russia is relatively irrelevant to Iran except for its potential role as vendor of high-quality armaments after the relevant parts of UN Security Council Resolution 2231, which prohibits such sales, lapsed in October 2020.

Politically, the major difference between China, Russia and the EU/E3 is that since May 2019 China and Russia have shown greater appreciation for Iran's strategy of taking more gradual and reversible steps away from its JCPOA commitments than the EU/E3. In fact, China and Russia have tended to present these steps as inevitable consequences of the US having breached its own commitments and the EU/E3 not

29 See the Joint Comprehensive Plan of Action (JCPOA), Vienna, 14 July 2015, [online](#).

30 For a broader analysis of steps that could be taken to enhance the EU's economic strategic autonomy: Leonard, M. et al., *Redefining Europe's economic sovereignty*, Brussels: ECFR, [online](#), 2019.

31 For more background: <https://www.nytimes.com/interactive/2019/08/03/world/middleeast/us-iran-sanctions-ships.html>; Yacoubian, A., *Iran's tankers and its smuggling tactics*, USIP, 2019, [online](#).

32 Katz, D., *Despite sanctions, China is still doing (some) business with Iran*, Atlantic Council, 2019, [online](#).

33 For instance: <https://www.reuters.com/article/iran-oil-exports-int/irans-oil-exports-jump-in-september-defying-sanctions-tankertrackers-idUSKCN26G1UE> (accessed 27 September 2020). Not all of the increase goes to China.

34 See: Saleh, A. and Z. Yazdanshenas, *Iran's Pact With China Is Bad News for the West*, Foreign policy, 2020, [online](#); Al-Jazeera, 6 August 2020, [online](#).

being able to honour its part of the bargain.³⁵ In contrast, the EU/E3 has repeatedly criticised Iranian violations, urged it to return to full compliance, and even triggered the JCPOA's dispute resolution mechanism (see Annex).³⁶ From a European point of view, this response can be explained by a mix of concern about Iran's regional posture, a desire to pay lip service to the US, and the exigencies of domestic parliamentary politics. From Tehran's point of view, it is the height of hypocrisy. There is considerable merit in Iran's accusation against Europe of double standards: it is hardly able to fulfill its own part of the bargain yet it criticises Iran for not discharging its obligations even though it remained in full compliance for a year in the face of a harsh sanctions regime. However, there is also another explanation for Iran singling out the EU/E3 for its harshest criticism, namely its need for Chinese and Russian diplomatic support in the UN Security Council. The EU/E3 is considered too close to the US to be of much help. In this regard, Iran, Russia and China have each other's backs, since weakening transatlantic relations represents a shared geopolitical interest.

35 For instance: <https://www.scmp.com/news/china/diplomacy/article/3018231/chinese-arms-control-chief-urges-world-keep-calm-after-iran>; <https://www.tasnimnews.com/en/news/2019/12/20/2164005/iran-has-right-to-respond-to-us-withdrawal-from-jcpoa-russian-envoy> (both accessed 14 June 2020).

36 See: <https://www.bbc.com/news/world-middle-east-51104579>; <https://www.gov.uk/government/news/e3-foreign-ministers-statement-on-the-jcpoa-14-january-2020> (both accessed 14 June 2020).

5 Examining Europe's 'triple crisis'

Fully appreciating the EU/E3's engagement with the JCPOA requires a brief examination of the different aspects of the EU's 'triple crisis' that have made it difficult to deliver on its political commitment to the nuclear deal. These aspects include growing policy divergences across the Atlantic, the permanent adolescence of EU foreign policy and the crisis of confidence between Iran and the EU.

Starting with growing policy divergences between the US and EU, it is worth noting that these are limited both in terms of scope and in terms of which European countries are affected by them. Scope-wise, there is much the US and Europe continue to agree on at the level of values underpinning democracies, the rule of law, and the role of free markets across the globe. Policy differences related to China, Russia, Israel and Iran always existed, but have been thrown into sharper relief due to the more uncompromising stance of the Trump administration and its limited efforts to build a more united Western policy approach. What has caused additional and serious tension is that the current US administration has massively disengaged from multilateral institutions such as the World Trade Organisation (WTO), World Health Organisation (WHO), United Nations (UN) and the United Nations Educational Scientific and Cultural Organisation (UNESCO), ditched the Paris climate agreement, sanctioned its European allies (Nordstream), advocated for its tech giants that enable notable misinformation campaigns in foreign political systems, and threatened a trade war with the EU, among other things. US foreign policy has become more go-it-alone, and its definition of its national interests has narrowed. For Europe, the 'crisis' results from the corresponding downgrade from junior partner to note-taker while being treated more explicitly as adversary and exposed to economic coercion on selected issues such as trade and the nuclear deal. There is no reason why this medicine would not be repeated in other dimensions of foreign policy since the cost to Washington has so far been limited.

Yet, at the same time, EU members such as Poland and the Baltic states remain strongly oriented towards the US since they see Washington as key security guarantor against any Russian assertiveness of the kind witnessed in the Ukraine and the Baltic area.³⁷

37 For example, Russia has turned Kaliningrad into a forward military bastion replete with offensive, non-strategic nuclear capable missiles and regularly violates the airspace of its Nordic and Baltic neighbours. See: Westerlund, F., *Russia's military strategy and force structure in Kaliningrad*, FOI (Swedish Defence Research Agency), [online](#), 2017.

These EU members have been neither diplomatically nor economically affected by JCPOA developments and happily take a US policy lead on Iran, which became clear when Poland hosted a US-instigated conference on 13–14 February 2019 to address ‘peace and security in the Middle East’.³⁸ Not a single senior western European politician attended, although some junior officials did go. The US has naturally used these divisions within the EU to its advantage and prevented the emergence of a stronger front to maintain European commitment to the JCPOA.³⁹

Regarding the JCPOA, transatlantic policy differences are most profound between France, Germany, the UK, Italy (initially) and the Netherlands on the one hand, and the US on the other. However, even within this group there are major differences. The UK, the Netherlands and Germany share a strong transatlantic security orientation that is deeply anchored among their foreign policy decision-making elites. It is strengthened by factors particular to each country. The UK is the most straightforward case since, as a result of Brexit, it now needs the US more than ever. London is unlikely to burn much diplomatic credit in Washington on Tehran’s behalf. For its part, the Netherlands is a small country with a middle-of-the-road foreign policy. It is unlikely to pick a serious fight with the US given its commercial interests and tendency to refrain from bold foreign policy steps. Finally, Germany still lacks a robust foreign policy debate. For example, interviews conducted for this paper suggest that the extraterritorial sanctions against the Russian-German Nordstream project triggered little strategic debate in the Bundestag. Furthermore, the Netherlands and Germany have in common that they lack a strategic security culture capable of mobilising their entire foreign policy toolkit in pursuit of clearly defined national interests. They tend to get along by muddling through their foreign policy dilemmas, as far as possible keeping friendly with all sides.

Hence, out of these four EU Member States, only France has a foreign policy tradition and the political inclination to go against the US if it feels the situation warrants it. But while Paris has been creative with its ‘Macron-plan’⁴⁰ and invested the most political capital of the E3, it has also been cautious with a view to its broader interests in the Persian Gulf region. These include domestic employment generated through arms sales, good relations with the Arab littoral states, and the broader bromance between Paris and Abu Dhabi that is on full display in Libya.⁴¹

38 See: <https://www.clingendael.org/publication/european-take-warsaws-anti-iran-show> (accessed 26 June 2020).

39 In turn, the EU also features more Russia-friendly EU members, such as Hungary and Italy, which Poland and the Baltic states have to contend with.

40 It proposed to offer Iran a time-limited credit line for oil sales in exchange for a return to negotiations and JCPOA compliance (August 2019).

41 Saudi Arabia and the UAE were the second and sixth biggest buyers of French arms between 2008 and 2017. France also participates in regular military exercises in Qatar, Saudi Arabia, Kuwait and the

Turning to the next ‘crisis – the permanent adolescence of EU foreign policy⁴² – it is useful to note that the EU has made significant political and administrative strides since the 1990s, from an essentially minimalist intergovernmental foreign policy process to developing a decent bureaucratic foundation (the EEAS), some rationalisation of decision-making (limited qualified majority voting (QMV) and committee integration across pillars), and the introduction of new capabilities (like the EU Military Staff and High Representative). Yet, from an external viewpoint, EU foreign policy remains a hybrid that has the best chance of working when national and Brussels institutional interests align in matters of ‘low politics’, i.e. unrelated to (inter)national security. Paralysis of EU foreign policy always lurks around the corner due to the diversity of Member State interests as well as limited EU institutional prerogatives and capabilities. In other words, once the US turned confrontational on the JCPOA, securitised it and leveraged divisions within the EU, it became unrealistic to expect a meaningful EU response despite its High Representative and the E3 having played a significant role in JCPOA realisation. The EU’s inability to back up its commitments when Washington transformed an issue of nuclear non-proliferation into a regional contestation for power was mostly a reminder of the EU’s limited ability to engage in adverse situations of ‘high politics’.

Finally, the JCPOA’s crisis of confidence between the EU and Iran has two main aspects. One aspect has been discussed in detail above and amounts to the inability of the EU/E3 to counter the US strategy of undermining EU official policy by leveraging the exposure of Europe’s private sector to its US investments and the continent’s interwovenness with the dollar-dominated global financial architecture. The other aspect relates to the negative view of Iran among western European opinion- and decision-makers that makes it politically expensive to be seen to act ‘in Tehran’s favour’. To begin with, there is a remarkable lack of insight in Europe into the complex ecology of agenda-setting, influencing and decision-making in Iran, not to mention Iranian society.⁴³ Beyond a handful of European foreign policy experts, quite a few of its politicians and journalists could do with a masterclass or two on the political economy of Iran. This problem is compounded by the relative scarcity of reliable political, social and research relationships between Iran and Europe that can contribute decent quality analysis

Emirates. See: France24, [online](#), 20 April 2019; Gulf Times, [online](#), 13 November 2018; Arab News, [online](#), 10 October 2017, Peninsula Qatar, [online](#), 5 May 2019. Also: Wezeman, P. et al., *Trends in international arms transfers, 2019*, Stockholm: SIPRI, 2020.

42 This is a longstanding issue that has been discussed at length elsewhere: Tsoukalis, L., *What kind of Europe?*, Oxford: OUP, 2005; Van Middelaar, L. *De passage naar Europa: Geschiedenis van een begin*, Historische Uitgeverij, 2009; Tonra, B. and T. Christiansen (eds.), *Rethinking European foreign policy*, Manchester: MUP, 2018.

43 Although there are accessible analyses readily at hand: Geranmayeh, E., *Reviving the revolutionaries: How Trump’s maximum pressure strategy is shifting Iran’s domestic politics*, ECFR, [online](#), 2020; Brumberg and Farhi (eds.) (2009), *op.cit.*; Leverett and Leverett (2013), *op.cit.*

and insight. The consequence is that domestic political debate in Europe is sensitive to framing by better-established US and Israeli sources, such as regular parliamentary visits, military exchanges and think tank connections. To make a negative perception of Iran worse, there is also the reality that Iran appears to undertake hostile acts on European territory, such as the recently suspected assassination attempt of a dissident in the Dutch city of Leeuwarden,⁴⁴ has a poor human rights record, and remains an autocracy with democratic elements. It is worth adding that adverse perceptions of Iran are aggravated in the US by historically negative framing and an implicit assumption that Iran stopped developing after its 1979 revolution.⁴⁵ This is most visible in the form of a bubble of Washington-based poor quality and partisan Iran ‘analysis’.⁴⁶

Based on the preceding analysis, interviews conducted for this paper, and JCPOA policy tracing since 2018 (see Annex), a provisional assessment can be offered of EU/E3 performance in Europe’s ‘triple crisis’:

Table 2 A provisional assessment of European performance against the JCPOA

JCPOA crisis dimensions	Issue	Recent measures	Current status
(1) Growing transatlantic policy differences	<ul style="list-style-type: none"> • Most EU countries remain highly dependent on NATO (US dominated) for their security • Growing rifts in the EU-US relationship in terms of trade (WTO), diplomacy (Iran, Russia, Israel, China) and climate (Paris) • The European and US financial architectures are interwoven, but only the US has the will and means to leverage this (JCPOA, Nordstream) 	<ul style="list-style-type: none"> • Modest increase in NATO spending and moderate progress in EU defence collaboration • Strong trade pushback against Washington resulting in a ‘ceasefire’ • EU, China and 14 other countries create a WTO arbiter pool • EU transposed the Paris agreement into its ‘Green Deal’ • No meaningful pushback against US foreign policy on Iran or Israel; Macron initiative towards Russia; and a more nuanced EU approach to China 	<ul style="list-style-type: none"> • No progress/action to increase EU economic autonomy⁴⁷ • The EU is not able to counter US pressure on foreign policy issues of ‘high politics’ where US intensity preferences are high and the EU is divided, or its interests are not greatly affected • The EU continues to lack an autonomous military capability

44 See: <https://www.nrc.nl/nieuws/2020/06/22/opnieuw-is-iraanse-balling-doelwit-van-een-aanslag-a4003654> (accessed 2 July 2020). None of these incidents are fully linked to Iran but the Dutch government says it has strong indications from its intelligence service (AIVD) that (parts of) the Iranian government is involved.

45 See: Bajoghli, N., ‘American Media on Iran: Hostage to a Worldview’, in: *Anthropology Now*, 11:3, 31-38, 2019.

46 A brief check of the twitter feed of, for example, Mark Dubowitz (@mdubowitz) regarding Iran by anyone with a bit of knowledge of the country quickly exposes advocacy dressed up as analysis.

47 For some ideas on how greater European economic autonomy can be achieved: Leonard et al. (2019), *op.cit.*

JCPOA crisis dimensions	Issue	Recent measures	Current status
(2) An unfinished European foreign policy	<ul style="list-style-type: none"> Foreign policy orientations and priorities among EU Member States vary significantly Despite the EEAS, the EU retains several foreign policy centres with some autonomy (DG NEAR, Council, ECHO, DG DEVCO) EEAS has limited capabilities Financial instruments are not strategically controlled by the EEAS (e.g. European Development Fund) 	<ul style="list-style-type: none"> There is talk but no momentum to introduce QMV in European foreign policy decision-making⁴⁸ Internal coordination within EU institutions has improved, but remains cumbersome due to different mandates⁴⁹ The EEAS has grown, but remains small, with 4,100 staff European Defence cooperation progresses, but pooled military capabilities remain absent 	<ul style="list-style-type: none"> The EU does not currently possess the unity of strategic thought, culture, organisational cohesion and instruments to enact a foreign policy commensurate with its size and interest EU foreign policy remains a hybrid of pooled and national elements. Success requires strong Member States to support particular initiatives
(3) Upholding the letter and spirit of JCPOA	<ul style="list-style-type: none"> The European private sector makes autonomous decisions on investment and trade The interwovenness of US-European financial and investment markets gives US sanctions a real impact on large European businesses; extraterritoriality extends this effect to medium-sized businesses via the financial sector European governments have not been willing to go against the US in a tangible manner beyond political symbolism 	<ul style="list-style-type: none"> The blocking statute was re-enacted to reduce the extraterritoriality of US sanctions in the EU INSTEX was created to reduce the sanctions risk of trading with Iran The European Commission encouraged the EIB to support SMEs and infrastructure investment in Iran The Macron plan of a temporary credit line for Iranian oil sales was conceived in France, but made dependent on US agreement 	<ul style="list-style-type: none"> The blocking statute is ineffective for MNEs with business in US and EU markets, and does not counter the 'chilling effect' of sanctions The slow creation and narrowing scope of INSTEX turned it into a symbolic act of resistance The EIB could not risk its business model The EU did not pursue the Macron initiative via its own Treasuries and state-owned banks The EU and E3 refused to support extension of the arms embargo on Iran and disagreed with US claims to have authority under the JCPOA to trigger UN 'snap back' sanctions⁵⁰

48 Schuette, L., *Should the EU make foreign policy decisions by majority voting?*, CER, [online](#), 2019.

49 See for example the mission letter from European Commission President Von der Leyen to the High Representative/VP of the European Commission Borrell Fontelles that spells out his duties of coordination, but much less his authorities ([online](#)).

50 ICG, *Iran: The U.S. Brings Maximum Pressure to the UN*, Brussels: ICG, 2020, [online](#); Adebahr, C., *Trump's 'virtual reality' foreign policy*, Politico, 2020, [online](#).

In brief, the EU's 'triple crisis' created a cascade of limitations on its ability to deliver against the JCPOA. Seen in this light, its policy actions have in fact been fairly audacious because they depart clearly from US policy (especially INSTEX). However, the persistence with which the EU/E3 has sought to maintain dialogue with the US and the slow evolution of its own policy interventions regarding JCPOA have been based on the mistaken premises that there was a dialogue to be had with Washington and that it would tolerate a measure of practical support for Iran.

From an Iranian perspective, EU/E3 policy actions are symbolically relevant insofar as they enable it to isolate the US internationally. Practically, they are irrelevant. The growing expression of European unease with Iran's regional profile adds insult to injury in Tehran because it views most of its actions as triggered by prior US aggression – which, in its view, benefits from latent European support. The net effect of EU/E3 engagement has been that its original objectives – non-proliferation and confidence building – are disappearing beyond the horizon.

6 Assessing geopolitical consequences

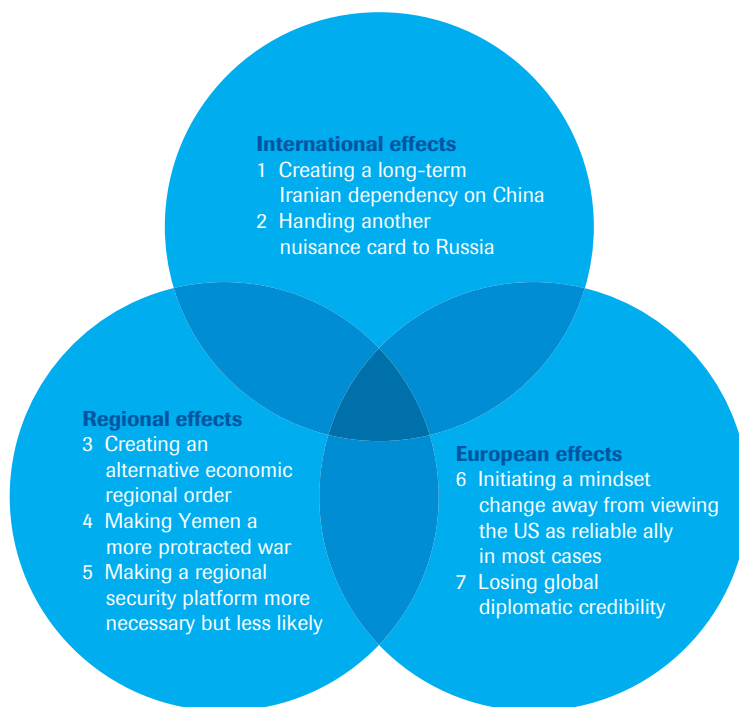
Despite the fact that the JCPOA remains unfinished business, a provisional assessment can be offered of the geopolitical effects of the US sanctions regime on Iran and of the EU/E3's post-2018 engagement with the nuclear deal. Chief among these is the observation that the US policy turnaround on the JCPOA from negotiated compromise to confrontation has so far destabilised the Middle East by choosing polarisation and conflict over cooperation and diplomacy. Despite its best intentions and some actions to the contrary, the practical effect of the EU/E3's lack of meaningful resistance to US policy has been that it effectively aided and abetted this development.

The present status quo is much more harmful to Iran than to the US as the latter's choice of waging economic warfare via sanctions has leveraged Washington's financial dominance of the global economy. There is no short-term alternative to this situation given the difficulty of replacing or duplicating existing financial practices, networks and institutions; the existing level of state control over the Chinese economy; the weakness of the Russian economy; and the fiscal and monetary shortcomings of the Eurozone. In addition, the US 'maximum pressure' strategy is now being extended across the region to include Syria via the Caesar Act, and may come to include Lebanon if elements of the Republican Party have their way.⁵¹

It has become clear that the US administration considers it acceptable to achieve regime change at the price of wholesale economic degradation of other societies – however ruined and frail these might already have been at the hands of their own political elites or because of protracted conflict. While this policy might at first glance seem attractive due to its low financial and human costs, it has significant effects at the international, regional, European and Iranian levels. These are summarised in Figure 1.

51 Young, M., *Destroying Lebanon to save it*, Beirut: Carnegie Middle East, [online](#), 2020; see also: Alloush, B. and A. Simon, *Will more Syria sanctions hurt the very civilians they aim to protect?*, War on the Rocks, [online](#), 2020.

Figure 1 International, regional and European effects of US sanctions and EU/E3 acquiescence



International effects are global ramifications of US policy towards Iran and the EU/E3's acquiescence to its core tenets:

(1) Creating a long-term Iranian dependency on China. The only country that combines a willingness to go against the US with the capability to partner economically at the scale Iran requires is China. Although both countries have enthusiastically signed up to the connective logic of the Belt and Road Initiative (BRI),⁵² Beijing did not initially show an inclination to step fully into this role as indicated by the China National Petroleum Corporation's withdrawal from the development of the South Pars gas field⁵³ and the noted reduction in Chinese Iranian trade. Neither does Iran wish to be overly dependent on a hard-bargain-striking Beijing. However, China has turned into a lifeline for a

52 Khanna, P., *Connectography: Mapping the future of global civilization*, New York: Random House, 2016.

53 See for example: <https://www.reuters.com/article/us-iran-energy-gas/irans-petropars-developing-south-pars-gas-field-after-withdrawal-of-foreign-companies-idUSKBN1ZO09J> (accessed 3 July 2020).

reluctant Iran that has little choice in the matter. Recent efforts to work towards a long-term Tehran-Beijing strategic partnership illustrate that both parties are considering a substantial deepening of their relations.⁵⁴

If and when this development is institutionalised through a large-scale increase in institutional ties, scholarships, Mandarin/China-study programmes at Iranian universities and cultural exchanges – as one interviewee suggested – the US will have further complicated its greater power rivalry with China, risking the loss of substantial parts of the Middle East in the process. As to the rest of Iran ‘turning east’, beyond the obvious export of Iran’s natural resources to energy-hungry Asian markets – now mostly blocked by sanctions – this is more rhetorical than practical and more out of necessity than by choice.⁵⁵ With the exception of the development of the port of Chabahar,⁵⁶ India is too close to the US to serve as a reliable partner (its relative weakness vis-à-vis China makes it dependent on US support), while the rest of Asia has much less to offer.

(2) Handing another nuisance card to Russia. Moscow has great political usefulness to Tehran on the UN Security Council but is much less relevant in terms of trade and commerce, except arms sales. Yet, just as Iran sees Yemen as a way to keep Saudi Arabia distracted from the Gulf, so is Russia likely to view Tehran as a way to distract the US from its actions in the Ukraine, Crimea and elsewhere. In addition, Russia and Iran have their shared venture in Syria to consider. It is likely that Moscow will support Tehran just enough to prevent it from having to capitulate to Washington. There are several ways in which such support can be provided, including sharing Russian experience in US (and EU) sanction evasion and making available its oligarchs and their business networks as outlets for Iranian commerce.⁵⁷ But the most obvious way for Russia to ‘use’ Iran as a nuisance card is by teaming up in Afghanistan, where the US is just negotiating its exit after 19 years of inconclusive warfare. Both Russia and Iran have

54 Saleh and Yazdandshenas (2020), *op.cit.*; Geranmayeh, E., *A pragmatic partnership: Why China and Iran try to collaborate*, ECFR, 2020, [online](#).

55 See: Zamirirad, A. (ed.), *Forced to Go East? Iran's Foreign Policy Outlook and the Role of Russia, China and India*, Berlin: SWP, MENA Division, Working Paper No. 1, April 2020.

56 Due to its strategic importance for the supply and development of Afghanistan, Chabahar Port is currently exempt from US sanctions. See: <https://www.rferl.org/a/us-exempts-iran-chabahar-port-project-from-sanction-in-nod-to-afghanistan-india/29586874.html>; <https://thegeopolitics.com/making-sense-of-keeping-chabahar-out-of-us-sanctions/>; <https://www.aljazeera.com/news/2020/06/iran-chabahar-port-spared-sanctions-rare-cooperation-200620161933575.html> [all accessed 3 July 2020].

57 Consider, for example, Russian economic networks in the Western Balkans (Serbia and Montenegro, but also Bulgaria) facilitating access to European markets via the existing Stabilisation and Association Agreements (SAA). See: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/western-balkans/> (accessed 4 July 2020).

an interest in prolonging or preventing a US exit. Stories about Taliban bounty hunters hired to go after US soldiers could, for example, proliferate.⁵⁸

Regional effects are broader effects in the Middle East of US policy towards Iran and the EU/E3's acquiescence to its core tenets:

(3) *Creating an 'alternative' economic order.* If Iran proves to be sufficiently resistant to the rising economic pressure of US sanctions, it may yet create an alternative economic axis in the Middle East to the US-dominated Gulf/Israel coalition. It has already started doing so to varying degrees with the help of those countries that are too important to the US to alienate and too close to Iran to ignore. These are Iraq, Qatar, Turkey and the UAE. Iraq is already a key safety valve for the Iranian (informal) economy. Turkey remains a US/European NATO ally, a key player in Libya, Syria and the eastern Mediterranean, and has a customs union agreement with the EU. Its recent tactical alignment with Iran on Libya, the Kurds and Yemen builds on longer-standing mutual pragmatism.⁵⁹ This is a significant development given that Turkey opens a window on the world for Iran – especially the EU – that is more difficult to close.

While it is more hostile towards Iran, the UAE nevertheless remains inextricably linked to it (especially Dubai). The reasons for this are many and include the fact that a quarter of Dubai's citizens are of Iranian descent. Many firms maintain close links and Dubai's economic model is in significant part based on the facilitation of global illicit financial flows.⁶⁰ Its globally networked economy offers plenty of opportunities to exploit the 260 kilometers that separate Dubai from Bandar-e-Abbas.⁶¹ Moreover, the UAE cannot

58 Gohel, S. and A. Bailey, *This time, Russia is in Afghanistan to win*, Foreign Policy, [online](#), 2020. The extent to which these stories are true is another matter.

59 On the recent alignment: Behravan, M. and H. Azizi, *What's behind Iran's sudden realignment with Turkey?*, Responsible Statecraft, [online](#), 2020; on longer-term pragmatism: Van Veen, E. and E. Yüksel, *Too big for its boots: Turkish foreign policy towards the Middle East from 2002 to 2018*, The Hague: Clingendael, [online](#), 2018.

60 Khanna (2016), *op.cit.*; Page, M. and J. Vittori, *Dubai's Role in Facilitating Corruption and Global Illicit Financial Flows*, New York: Carnegie Endowment, 2020.

61 McKinsey already observed in 2014 that Dubai is one out of six cities worldwide that act as major hubs across all types of economic flows. See: Manyika, J. *et al.*, *Global flows in a digital age: How trade, finance, people, and data connect the world economy*, McKinsey Global Institute, [online](#), 2014. Combined with the role that the UAE's c. 30 free trade zones (e.g. Dubai's Jebel Ali) play in global financial flows, including money laundering and sheltering dodgy transactions, it is a clear point of connection between Iran and the world, irrespective of official UAE policy. See: Transparency International, *The United Arab Emirates: A key piece in the global money laundering puzzle*, [online](#), 2020; FATF, *Anti-money laundering and counter-terrorist financing measures: United Arab Emirates*, Mutual Evaluation Report, [online](#), 2020 (both accessed 5 July 2020). For the role of the UAE during previous sanction periods of Iran: Early, B., *Busted Sanctions: Explaining Why Economic Sanctions Fail*, Stanford: Stanford University Press, 2015. For-profit-decisions at firm level and the UAE's decentralised economic structure were important sanction busting drivers.

afford to antagonise Iran too much as the tiny Emirates would be the first casualties of any conflict. A few rockets fired over Dubai from the Iranian island of Qeshm would likely suffice to end the UAE's business model as a global logistical centre and high-grade investment location. It is therefore no surprise that the UAE tends to act cautiously in relation to Iran and that Abu Dhabi's rhetoric changed quickly after the attack on the Saudi facilities in Abqaiq in September 2019. The recent UAE-Israel deal adds a risk factor for Iran in the sense that hostilities towards the UAE may trigger a US or Israeli reaction, but the UAE's small size and the geography of the Persian Gulf ensure the basic risk calculation remains the same.

In sum, with political coverage from Russia, an economic floor provided by China, and 'sanction leaks' in the form of neighbours and firms for whom 'Washington is far away and the ocean deep', it is possible for an alternative regional economic structure to mature. Protected by the Iran-sponsored 'axis of resistance', it would have the likely side effect of boosting the global illicit economy, as illustrated by the recent capture of 14 tons of Captagon in Italy.⁶²

(4) Making Yemen an even more protracted war. As long as the US maximum pressure strategy continues and is tolerated by the EU/E3, it is likely that ties between Iran and the Houthi in Yemen will continue for the cynical reason that it is an effective and low-cost way for Iran to keep the Saudis embroiled and the US distracted. The statement in a recent Crisis Group report that 'Pressing the Huthis to accept a political settlement in Yemen arguably is also a measure Iran can offer to help effect a broader regional and US-Iranian de-escalation',⁶³ can just as easily be reversed to say that such pressure is unlikely to be forthcoming without a conciliatory American gesture in the regional confrontation between Iran and the US. In fact, regardless of the precise nature and depth of Houthi-Iranian relations, the Saudi intervention in Yemen has already brought about what it sought to avoid: a consolidated and more capable Houthi 'movement' that is guaranteed to have a seat in any future Yemeni unity government, should it ever be possible to stitch one together. The misery that the Saudi intervention caused, on top of decades of autocracy and underdevelopment in Yemen, is sure to create instability on its southern border for a long time to come, making the kingdom vulnerable to foreign powers and radical armed groups (like Al-Qaeda in the Arabian Peninsula).

62 Many media and commentators initially repeated the assertion of the Italian police that IS is the producer ('Jihadi Captagon' sounds good), but this seems unlikely because shipping and the logistical facilities required suggest involvement by the Syrian regime or Hezbollah. See also: Reuter, C., *Echte Drogen, falsche Dschihadisten*, Der Spiegel [Online](#), 3 Juli 2020.

63 International Crisis Group, *Rethinking peace in Yemen*, Brussels: ICG, [online](#), 2020.

(5) Making a regional security platform more necessary, but less likely. After two years of sanctions, hostile rhetoric, loss of confidence and military tit-for-tat operations, it is hard to imagine a return in good faith to the original logic of the original nuclear deal. Its narrow design as an issue-specific compromise to establish a basis of confidence for further dialogue and negotiations is most probably history. In addition, the strategic security equation of the Middle East has become more complex and more entrenched. The increase in complexity arises largely from Turkey's increasingly assertive posture in its neighbourhood (Syria, Kurdistan, Libya, Azerbaijan and the eastern Mediterranean), which poses a serious policy dilemma for the US. Greater entrenchment results from the new links between the UAE, Israel, the US and Bahrain on the one hand – they all view Iran as a major threat – and from the resilience of Iran's regional footprint on the other. As a result, restoring the nuclear deal is no longer enough to bring about a positive cascade into other regional security issue areas. This means that even a revival of the nuclear deal under a Biden administration is likely to focus more on Iran's regional posture. Tehran might accept this if its economic needs are dire enough to threaten the government's hold on power. But to be sustainable, at a minimum a deal will also have to address the security profiles of Saudi Arabia and Israel, and perhaps those of Iraq, Turkey and the Emirates. This means that regional security can only be enhanced through a regional initiative.⁶⁴ Yet, the crescendo of recent Iranian, US and allied political discourse, those countries' altered threat perception and diminished confidence, and the increasing assertiveness of their posture means that such an initiative has become unlikely.

European effects are effects of US policy towards Iran on the EU/E3:

(6) Initiating a mindset change away from viewing the US as a reliable ally in most cases. While there was never full EU-US foreign policy alignment, and although high profile fall-outs have always occurred (such as the 2003 invasion of Iraq that France and Germany opposed), these were limited to the political-military sphere and generally resolved by agreeing to disagree. The case of the nuclear deal is much more profound as Washington basically coerced Europe's private sector into compliance and leveraged its economic power over Europe's governments. While these did not resist as much as they could have, neither have they enjoyed the experience. In consequence, the debate on the merits and longevity of the US-European alliance has been rekindled. For example, the Dutch government's Advisory Council for International Affairs (notably chaired by a former NATO Secretary-General) recently recommended a greater focus on European defence efforts because American interest and action in conflicts relevant to Europe can

64 See for example: Hanelt, C. and C. Koch, *A Gulf CSC Could Bring Peace and Greater Security to the Middle East*, Bertelsmann Stiftung, [online](#), 2015; Koch, C. and A. Tabatabai, *Tafahum: An Ideational Fundament on which to Build a Security Roadmap for West Asia and the Arabian Peninsula*, CARPO and Gulf Research Center Foundation, [online](#), 2019.

no longer be taken for granted.⁶⁵ While such ‘emancipatory debate’ is in its early stages, it was inconceivable under previous US administrations. In time, it may lead to efforts to increase Europe’s strategic autonomy in line with European Commission President Von der Leyen’s ambition of running a ‘geopolitical European Commission’.⁶⁶

(7) Losing global diplomatic credibility. While the EU/E3 scored a significant diplomatic victory in facilitating and negotiating the nuclear deal, its limited efforts to keep it alive after 2018 have reduced its credibility in the area of hard power politics and conflict resolution.⁶⁷ Although the EU is an economic giant with its internal market of c. 450 million citizens, a strong trade policy and plenty of financial experience, it has not been able to mobilise these latent assets into a practical response to US sanctions on Iran that could safeguard its economic autonomy and maintain the JCPOA. At the same time, dents in the EU’s diplomatic reputation have been somewhat mitigated by growing negative perceptions across the Middle East, the US and Europe of the power plays of armed groups linked with Iran in places like Lebanon and Iraq, and the divisive effect they have on local governance and political reform.

65 AIV, *Europese veiligheid: Tijd voor nieuwe stappen*, Advies No. 112, [online](#), 2020.

66 For an interesting discussion on early cues: Subotic, S., *A “geopolitical commission” – What’s in the Name?*, European Policy Center, [online](#), 2019.

67 There are few hard data available in support (e.g. surveys), but the key informant interviews conducted for the paper point in this direction. A 2017 research paper elaborating on 2014 data of the ArabTrans survey (most North African countries, but also including Iraq, Jordan and Egypt) noted low levels of awareness and relatively negative opinions of the EU’s response to the Arab Uprisings. See: Teti, A., Maggiolini, P., Talbot, V. and Abbot, P., *MENA Populations’ Perceptions of Key Challenges, International Context, and Role of the European Union*, Aberdeen: University of Aberdeen, 2017. Yet, overall views on the EU seem to remain positive: Devlin, K., *Attitudes toward EU are largely positive, both within Europe and outside it*, Pew Research Center, [online](#), 2019.

7 Is it too late to turn the tide?

The Iranian economy is under strain but not collapsing, anti-government demonstrations have been contained and the Iranian state retains control over the domestic means of coercion.⁶⁸ Iranian influence persists from Beirut to Baghdad. While hairline fractures in the pressure tank of Iran's political economy may yet turn into visible rifts under the economic burden of US sanctions and the Covid-19 pandemic, for the moment the US maximum pressure strategy falls short of realising its objectives.⁶⁹

What has changed, though, is that the conservative and 'radical' elements of Iran's political elites have been strengthened in the wake of its 2020 parliamentary elections and may also carry the presidency in 2021.⁷⁰ The bid of the 'modernists' to accept a temporary limitation of Iran's nuclear sovereignty in exchange for reintegration with the global economy has been rewarded with US-initiated economic ostracism. Their influence and status have correspondingly weakened. At the same time, the growing pressure on the Iranian government has forced a closing of the ranks and a reassertion of state power – as exemplified in the recent execution of Navid Afkari.⁷¹ Sanctions have exposed and aggravated some of the existing performance issues of the Iranian government that include poor economic performance, corruption, an outsized social, political and economic role of its military-security complex (especially the IRGC), and poor relations with parts of the Middle East – but they have also smothered prospects for reform.

It is the kind of environment in which an external threat may just enable Iran's rulers to consolidate and survive, akin to the early years of the Iran-Iraq war. Such a scenario could easily reinforce the geopolitical effects outlined above, which are undesirable from a European perspective. It is also the kind of environment in which the Iranian government has little to lose. It already stands with its back against the (economic) wall. This induces greater risk taking that shortens the road to armed conflict.

68 Geranmayeh (2020), *op.cit.*

69 See for example: Slavin, B., *Five reasons why US 'maximum pressure' on Iran has backfired*, Atlantic Council, 2020, [online](#); ICG, *The Illogic of the U.S. Sanctions Snapback on Iran*, Brussels: ICG, 2020.

70 Fathollah-Nejad (2020), *op.cit.*

71 See: <https://www.bbc.com/news/world-middle-east-54129949> (accessed 28 September 2020).

In the short term, the immediate priority for the EU should be to ease some of the pressure with the aim of reducing any need Tehran perceives to take radical measures. Such a step cannot wait until after the US presidential elections since months will be needed for a new US administration to settle in and more months to operationalize its Iran strategy. The most straightforward way for the EU to realise this priority is to deliver large-scale EU 'humanitarian' aid via INSTEX over the coming months in support of Iran's economic recovery during and post-Covid-19. It is officially sanction-exempt and could bring INSTEX into adulthood. It is also a way to restore some EU credentials among the Iranian population.

Once a modicum of stability has been restored, the EU should launch an economic connectivity initiative that immediately grants preferential access to its internal market for industrial and agricultural goods from the Middle East (subject to safety and health standards), akin to its Everything-but-Arms (EBA) legislation (for Iran via extended use of INSTEX).⁷² This should be attractive to Iran and Turkey given their sizeable industrial base and the Gulf countries are likely to find it attractive in the future given their need for economic diversification.

In the medium term, such an initiative could work towards a regional free trade zone and explore common ground between the EU and China to strengthen regional transport infrastructure from both ends via the Asian Infrastructure Investment Bank and the EIB respectively. Such an approach leaves essential security matters out of account since these cannot be resolved without US involvement and require a separate track to be developed after the November 2020 US presidential elections. But it has the advantage of offering a longer-term economic escape hatch from the Catch-22 of the region's current security dilemma.

72 EBA grants the world's least developed countries (LDC) duty- and quota-free access to the EU's Single Market. See: <https://trade.ec.europa.eu/tradehelp/everything-arms> (accessed 23 September 2020).

Annex Timeline of selected events related to the nuclear deal

Date	Main actor	Action	Summary of implications
14.07.2015	P5+1 and Iran	Joint Comprehensive Plan of Action ('nuclear deal')	Iran agreed to reduce its centrifuges by two-thirds, its stockpile of enriched uranium by 98% and to limit uranium enrichment to 3.67%. The US and EU lift sanctions
20.07.2015	UN	Resolution 2231	UN Security Council endorsed the JCPOA and terminated previous sanctions/resolutions related to Iran's nuclear activities
31.07.2015	EU	Council Decision 2015/1336 and 1327	The EU adopted legal acts to implement the nuclear deal
18.10.2015	EU	Council Regulation 2015/1861, 1862 and 1863	The JCPOA's coming into effect required amendment of Regulation 267/2012 concerning restrictive measures against Iran
16.01.2016	Sanctions lifted		
12.01.2018	US	White House statement	President Trump announced that he was extending the sanctions waiver one final time if the deal's faults were not addressed
08.05.2018	US	Presidential Memorandum	The US withdrew from the JCPOA
09.05.2018	EU	Declaration	The EU reaffirmed its commitment to the JCPOA as long as Iran fulfilled its obligations
16.05.2019	EU	Action plan	EU Council leaders agreed on a four-point action plan to protect European economic interests from the damages that US sanctions may inflict
20.05.2018	Iran	Comment	Foreign Minister (FM) Zarif stated the EU should increase its investment in Iran if it wanted to save the deal
06.06.2018	EU	Regulation 2018/1100	The European Commission adopted an updated version of its Blocking Statute and of the EIB's External Lending Mandate
06.07.2018	The Joint Commission of JCPOA	Meeting	The Joint Commission of the JCPOA convened. All remaining parties announced their commitment to the agreement
18.07.2018	EIB	Press Statement	The CEO of EIB dismissed the possibility of any European bank working with Iran

Date	Main actor	Action	Summary of implications
06.08.2018	US	Executive Order 13846	Reimposed sanctions previously waived or lifted due to the JCPOA
07.08.2018	EU	Blocking Statute	The updated Blocking Statute came into force
23.08.2018	EU	Financial support	The European Commission approved €18 million in financial support for Iran
02.11.2018	US	Comment	US Secretary Mnuchin stated that SWIFT would be sanctioned if it worked with Iranian institutions
05.11.2018	US	Sanctions	US sanctions came into force
31.01.2019	EU	INSTEX	French, German, and UK FMs announced INSTEX to facilitate trade between Europe and Iran
30.04.2019	Iran	INSTEX	Tehran announced the establishment of an Iranian equivalent of INSTEX, the Special Trade and Finance Institute (STFI)
08.05.2019	US	Executive Order 13871	Imposed a new round of sanctions on Iran's iron, steel, aluminum, and copper industries
08.05.2019	Iran	Statement	President Rouhani announced that Iran would stop exporting its surplus enriched uranium. He also stated that Iran would develop the Arak heavy water reactor within 60 days if other signatories failed to provide relief from US sanctions. Both actions violated the JCPOA
09.05.2019	EU	Statement	The EU High Representative and the FMs of France, Germany and the UK reaffirmed their commitment to the JCPOA and asked Iran to fulfill its obligations
17.06.2019	Iran	Statement	Behrouz Kamalvandi, the spokesperson of Iran's Atomic Energy Organization, announced a quadrupling of the rate of enrichment so that it would pass the 300kg limit in 10 days.
07.06.2019	US	Sanctions	Sanctioned the Persian Gulf Petrochemical Industries Company and related entities
24.06.2019	US	Executive Order 13876	Sanctioned the Supreme Leader, Supreme Leader's Office and certain Iranian officials
01.07.2019	Iran	News report	The Fars News Agency announced that Iran had exceeded the limit of 300kg uranium enriched to 3.67%
18.07.2019	Iran	Statement	FM Javad Zarif expressed his readiness to meet with US senators and start talks
03.08.2019	France	Proposal	France offered a \$15 billion credit line if Iran agreed to comply with the nuclear deal; ensure security in the Gulf; start negotiations on regional security and on a post-2025 nuclear programme

Date	Main actor	Action	Summary of implications
07.09.2019	Iran	Statement	Tehran announced that it had started to use more advanced uranium centrifuges
31.10.2019	US	Sanctions	New sanctions targeted Iran's construction sector and metals industry
11.11.2019	EU	INSTEX	Belgium, Denmark, Finland, Netherlands, Norway and Sweden joined INSTEX
05.01.2020	Iran	Statement	Tehran announced it would no longer abide by JCPOA restrictions
10.01.2020	US	Executive Order 13902	New sanctions imposed on Iranian construction, mining, manufacturing, and textile sectors
14.01.2020	EU	Dispute resolution	The FMs of France, Germany and the UK referred Iran's JCPOA's violations to the deal's Dispute Resolution Mechanism
03.02.2020	EU	Negotiations	The EU High Representative paid a visit to Tehran
25.02.2020	US	Sanctions	13 foreign entities sanctioned pursuant to the Iran, North Korea, and Syria Nonproliferation Act
03.03.2020	IAEA	Report	The IAEA announced that Iran had almost tripled its stockpile of low-enriched uranium
23.03.2019	EU	Humanitarian aid	The EU High Representative announced €20 million in humanitarian aid to Iran
31.03.2020	EU	INSTEX	Made its first successful transaction by sending medical equipment to Iran
14.08.2020	US	UN resolution	The proposed infinite extension of the arms embargo on Iran failed
20.09.2020	US	Statement	Claimed authority under JCPOA to trigger the UN sanction snap back mechanism. This move also failed
21.09.2020	US	Executive order	Imposed new sanctions targeting governments and companies engaged in arms sales to Iran