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Bleak with some silver linings: scenarios for EU-Iran relations

- In foreign policy terms, Tehran currently views the EU as near to irrelevant. It was after 2018 that an until then pragmatic Iran-EU relationship turned into an incipient geopolitical confrontation. This was mostly due to the EU's failure to back the nuclear deal, Iranian arms deliveries to Russia and European support for Israel against Iran.
- Until the EU can implement a more accommodating foreign policy towards Iran that is independent of Washington, it remains a follower of or hostage to US policy. This is problematic since the EU will face major consequences of any regional high-intensity war between Israel/US and Iran.
- The consequences of most scenarios for EU-Iran relations outlined in this brief are negative from an EU perspective, in part or in whole. The EU is largely unable to prevent or mitigate them due to its lack of leverage and/or quid pro quos valued by Tehran.
- Should the EU decide to develop an independent Iran policy to rebuild relations, it needs to consider how to combine its values, objectives and offerings in such a way that package deals become possible. At a minimum, the EU should avoid actions that damage relations without a clear positive benefit, such as invoking snapback sanctions, as long as there is a prospect for meaningful nuclear negotiations, or designating the IRGC a terrorist organization.
- More daringly, it could seek to reduce the geopolitical confrontation between Brussels and Tehran, for example by limiting support for Israel against Iran in exchange for Iran limiting support for Russia against Ukraine.

Introduction

In 2015, relations between the European Union (EU) and Iran reached a peak with the conclusion of the nuclear deal (JCPOA) between Russia, China, the US, the E3 (France, Germany and the United Kingdom) and Iran. The deal was capably facilitated by the EU External Action Service without losing sight of the interests of its larger Member States. At the surface, Iran accepted temporarily binding constraints on the development

of its nuclear programme in exchange for reintegration into the global economy. At a deeper level, the deal was meant to prevent nuclear proliferation across the region and to start building back trust – especially between the US and Iran – as a basis for follow-up discussions about regional threat perceptions and security postures, including elements like Iran's missile programme and regional security activities.

However, by late 2024, three major turning points had brought EU-Iran relations to an all-time low: first, the E3 and EU's failure to deliver on their part of the nuclear deal after US withdrawal in 2018; second, Iranian arms deliveries to Russia since 2022; and third, near-unconditional support for Israel from European countries like Germany, the UK and France since 7 October 2023, including against Iran and its 'axis of resistance' (a network of armed groups linked to Iran with various degrees of autonomy and support).

It is in this context that the present brief outlines scenarios for EU-Iran relations for the next two to three years.¹ The purpose of scenario development is to imagine different futures under conditions of uncertainty in order to foster a better understanding of the pathways that can lead to any of these futures. In turn, having such understanding makes it possible to initiate policies and actions that can bring a particular scenario closer while also encouraging the formulation of contingency plans to deal with scenarios considered undesirable. Scenarios represent futures that are realistic and possible, but not inevitable.²

Scenario driving forces

The brief deploys four scenarios to explore future dynamics of the EU-Iran relationship. These are developed from a longlist of relevant factors that were then condensed

into two critical structural variables that serve as the 'scenario driving forces'.³ They are:

- *The level of geopolitical confrontation between the EU and Iran.* This driver includes factors such as EU support for Israel in direct action against Iran, the EU siding with Arab states on the Persian Gulf in territorial disputes involving Iran, and any potential moves by an EU Member State to put Iran on the NATO agenda. It also includes Iranian arms deliveries or other forms of military support to Russia, high-profile incidents resulting from Iranian intelligence operations on European soil – including assassinations, hostage taking of dual EU-Iranian nationals in Iran, and brutal repression of protests in Iran that violate human and civil rights agreements that Tehran has signed up to (such as the International Covenant on Civil and Political Rights, ICCPR).
- *The extent to which Iran decides to pursue nuclear weapons.* This amounts primarily to variations of a decision in Tehran to 'dash for the bomb' based on its own threat assessment while running the risk of direct Israeli and US military action. Nevertheless, the EU has levers at its disposal that can exercise some influence on such a decision. Relevant factors include offering (or not) limited or symbolic sanction relief, invoking (or not) the snapback mechanism of the JCPOA to automatically reimpose UN sanctions and designating (or not) the Islamic Revolutionary Guard Corps (IRGC) a terrorist organization.

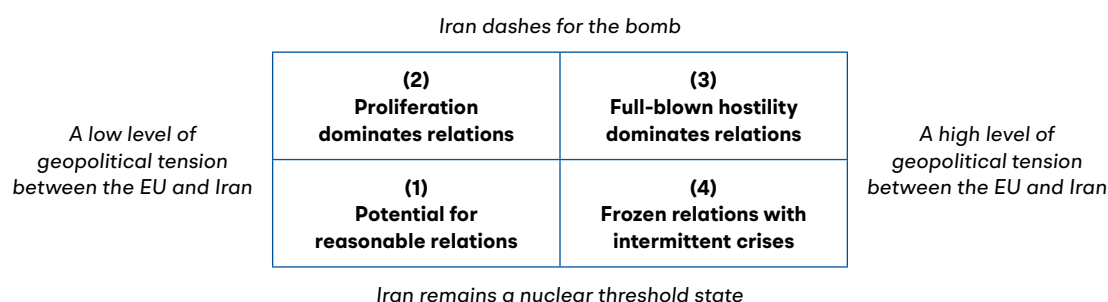
These two scenario driving forces continue to echo pre-2015 dynamics of EU-Iran relations, which were relatively neutral, pragmatic and focused on finding a solution to the nuclear dilemma that Iran poses. However, they also reflect post-2018 relational dynamics that are more antagonistic, geopolitical and zero-sum in nature.

1 This brief is part of a project on scenarios for EU-Iran relations undertaken by the Heinrich-Böll-Stiftung European Union. Its analysis has been produced independently and does not necessarily reflect the views of the Stiftung. My thanks go to Hamidreza Azizi for his helpful comments and review of the brief.

2 Van der Heijden, Kees. 2005. *Scenarios: The Art of Strategic Conversation*. 2nd ed. Chichester, West Sussex : John Wiley & Sons; Schwartz, Peter. 1996. *The Art of the Long View: Paths to Strategic Insight for Yourself and Your Company*. First Crown Business Edition. New York: Crown Business.

3 See: Azizi, Hamidreza and Van Veen, Erwin. 2024. 'Hurtling towards irrelevance: Iran-EU relations in 2024', *Iran in transition*, The Hague: Clingendael. <https://www.clingendael.org/publication/hurtling-towards-irrelevance-iran-eu-relations-2024>.

Figure 1 Scenarios for the evolution of EU-Iran relations in the next 2–3 years



The main scenario-driving forces are sufficiently independent of each other because the EU has generally not viewed a nuclear-capable Tehran as a major regional or global threat, in contrast to Israel and the US. Rather, Brussels views a nuclear-armed Iran as a proliferation concern given that Saudi Arabia and Turkey might follow suit if Tehran dashes for the bomb. In this regard, the EU operates on the assumption that nuclear weapons are above all deterrents that serve as a self-protection insurance of last resort, not as tools of self-destruction.⁴

Scenario 1: Potential for reasonable relations

In this scenario, Iran decides to remain below the nuclear threshold while the level of geopolitical tension between the EU and Iran remains manageable. Both sides avoid moves that antagonize the other and make some goodwill gestures. The pathway towards this scenario can start from Tehran’s fear of US-supported, direct Israeli military action against it under the Trump presidency. This concern, combined with a sequel to the maximum pressure campaign of Trump’s first term, may cause Iran to issue a unilateral

commitment to forego further enrichment that the International Atomic Energy Agency (IAEA) is allowed to monitor and certify, preferably in exchange for partial relief of US sanctions in an under-the-table deal with Trump that allows the latter to claim victory. Alternatively, Tehran could agree to the same outcome through more formal negotiations. Such an Iranian commitment would allow the EU to waive a number of sanctions as a sign of goodwill (it could also frontload such a measure to encourage negotiations)⁵ and stop it from siding with Gulf Cooperation Council (GCC) territorial claims to avoid upsetting a new fragile equilibrium.⁶ Due to the abiding hostile reaction across the Iranian political spectrum – including from monarchists and the Mujahadeen-e-Khalq (MEK) – the UAE realizes that claims of ownership over the disputed islands in the Persian Gulf and their associated maritime boundaries are a poor reason to antagonize Tehran. Instead, it calls for a peaceful resolution of the dispute through bilateral mechanisms or international arbitration. In turn, Iran releases European dual nationals as a goodwill gesture and commits to refrain from operating on EU territory. In this scenario, the EU also lobbies the US to withstand Israeli pressure to initiate or support direct military

4 Note that Israel clandestinely developed nuclear weapons in the 1950s in a manner similar to that of Iran today. No-one suggests that a nuclear capable Israel is a threat to regional security or a proliferation concern, even though its nuclear posture is one of deliberate ambiguity and it has refused to join the Non-Proliferation Treaty (in contrast with Iran, paradoxically). Israel does not threaten Iran with destruction, however, even if Iran’s threats mostly reflect its revolutionary dogma and rhetoric rather than actual intent.

5 Bear in mind that such a decision will be economically insignificant due to the extraterritoriality of US sanctions, unless it is backed up by the creation of dedicated state-based channels that can operate without risk of US prosecution. Nevertheless, such a decision can have a useful symbolic function.

6 The EU recently endorsed Emirati claims over three disputed islands in the Persian Gulf, calling Iran the ‘occupier’ of the islands. This caused a huge backlash from the Iranian government and public alike.

action against Iran. Brussels discourages such a step by offering Trump to accelerate its defence spending in the NATO context or to step up its involvement in Ukraine, keen as it is to prevent another war in the Middle East that could result in a new flow of refugees. The main effects of this scenario on the EU are positive as it allows for incremental and cautious desecuritization of its relations with Iran and may enable limited economic engagement in due course.

Scenario 2: Proliferation dominates relations

In this scenario, Iran decides to ‘dash for the bomb’ while reducing the level of geopolitical tension with the EU in a bid to create a nuclear *fait accompli* with as little collateral damage as possible. The recent decimation of Hezbollah, the fall of Assad and blows against other elements of the ‘axis of resistance’ such as Hamas and the Houthis, as well as Israeli attacks on Iran itself, lead Tehran’s conservative and hardline political elites to conclude that regime survival requires possession of nuclear weapons. Although Iran seeks to keep revision of its religious dogma and further uranium enrichment, testing and miniaturization under wraps, its plans ultimately leak and cause Israel to make the case for war in Washington. As the EU is irrelevant to both US and Iranian military calculations, there is not much Brussels can do to influence a decision in Tehran to dash for the bomb or a decision in Washington to go to war. Anticipating the possibility of this pathway towards war, however, the EU lets Iran know that it will refrain from invoking snapback sanctions (such as a UN embargo on Iranian oil exports) until October 2025 and from designating the IRGC a terrorist organization or passing a comprehensive EU sanctions package for as long as meaningful nuclear negotiations are underway. It even offers limited sanctions relief with tangible economic upgrades to induce Iran to stay below the nuclear threshold.⁷

⁷ This requires a limited political appetite to go against US policy, most probably by allowing greater trade with Iran in limited fields via state-owned channels and/or the INSTEX template.

Behind the scenes, several European countries use their good relations with Israel to get West Jerusalem to tone down its war rhetoric against Iran. When Tehran decides to go nuclear after all, the EU acts with uncharacteristic speed to put a proposal on the table in Washington that trades full sanction relief for full dismantlement of Iran’s nuclear programme as a last-ditch effort to convince President Trump to negotiate. If a high-intensity war across the Middle East breaks out, the main effects of this scenario on the EU are negative. It might generate millions of refugees, disrupt EU-Gulf relations, as well as their corresponding energy supplies, and spill over into Iraq, Syria and possibly even Azerbaijan. If war is averted, a gradual return to the previous scenario (‘potential for reasonable relations’) might become possible.

Scenario 3: Full-blown hostility dominates relations

In this scenario, Iran decides to ‘dash for the bomb’ and continues its assertive security policy of supplying Russia with arms, upgrading its missile programme and repressing dissent at home and abroad. The trigger for this scenario is a renewed drive by the Trump administration, or the perception thereof in Iran, to bring regime change about on the back of recent Israeli military successes or an Iranian decision to dash for the bomb, once detected. In the first case, feeling US pressure, Tehran agrees to supply Moscow with large batches of missiles for use in Ukraine in exchange for immediate delivery of Russian air defence systems and advanced fighter jets, and takes its chances. Iran gambles that its ability to hit US military bases throughout the region will serve as a deterrent against any US troop build-up and help it to buy time. The US and Israel nevertheless launch a devastating aerial campaign against Iran’s nuclear facilities. As Tehran absorbs successive blows, its population unites behind the regime in the face of foreign attack. Efforts by opposition groups to use the battle chaos to mobilize the population and overthrow the government are violently repressed as regime control over Iran’s security forces remains undiminished. Nuclear weapons development continues on sites scattered across Iran despite

the destruction of major facilities. In the meantime, Israel and US bases come under mounting attack from a Hezbollah that is down but not out, as well as Iran-linked armed groups in Yemen and Iraq. When the US and Israel extend their aerial campaign against Iranian energy infrastructure or the country's leaders, Tehran blocks the Strait of Hormuz and prevents oil/gas shipping. This leads China to issue strong diplomatic protest but also enables it to accelerate preparations for a blockade of or attack on Taiwan due to Washington being distracted. When the US seeks to initiate a ground invasion because aerial bombardment turns out to be sufficient to stop a nuclear capable Iran from emerging, the Gulf states and Iraq refuse to host its build-up since they are vulnerable to Iranian drones and rockets. The main effects of this scenario on the EU are negative as high-intensity conflict across the Middle East might generate millions of refugees, disrupt EU-Gulf relations and their corresponding energy supplies, cause oil prices to spike, and could spill over into Iraq, Syria and possibly even Azerbaijan. Moreover, in this scenario the entire region – Gulf, Levant and Iran alike – is likely to accelerate its geopolitical and geoeconomic orientation towards China as US military action runs into Arab reluctance to join.

Scenario 4: Frozen relations with intermittent crises

In this scenario, Iran decides to remain a nuclear threshold state but increases geopolitical tensions by moving closer to Russia and China. Having decided to avoid the risks that come with dashing for the bomb in the face of the Trump administration, Tehran either states unilaterally that it will halt its high-level uranium enrichment or restarts serious negotiations about its nuclear programme with the US administration, possibly with the assistance of the EU as intermediary.⁸ A three-way balancing act ensues. Tehran seeks a military partnership

with Russia, deeper economic ties with China – more investment, in particular – and a diplomatic relationship with the US that is good enough to ward off the risk of direct military action against it. Iran is willing to put its nuclear programme on hold, preferably in exchange for some sanction relief, to buy time to deepen its economic engagement with Asia while US-China tensions mount. But Tehran sees no need to back off on other issues and continues to work against the EU and the US in Ukraine, expand its missile programme and repress dissent at home and abroad. This produces intermittent crises, for example when an Iranian missile hits an EU-supplied power plant in Ukraine, when an Iranian dissident is assassinated on the streets of Paris or when another protest in Iran is violently repressed.⁹ In response, to curry their favour, the EU sides more strongly with the GCC states over territorial disputes with Iran. The effect of this is moderated, however, by the GCC's desire to remain on reasonable terms with Iran due to their vulnerability. The EU also seriously considers designating the IRGC a terrorist organization in response to Iranian arms deliveries to Moscow. This disables any future EU economic engagement with Iran, including the symbolism

8 See for instance: European Leadership Network. 2024. *Iran Briefing December*. Online: <https://mailchi.mp/europeanleadershipnetwork/iranbriefing0924-9370745?e=2ca05b1402> (accessed 5 December 2024).

9 The EU may – or even should – object diplomatically to the violent repression of protests in Iran due to Tehran's ratification of the ICCPR and even increase its support for Iranian (diaspora) civil society organizations in response. But such objections, as well as any sanctions resulting from them, will have little effect as long as relations remain poor. This is because relational recovery requires both parties to be willing to offer each other something of relevance. Tehran basically views the EU as incapable of doing so due to its inability to pursue a foreign policy that is independent from the aggressive economic pressure strategy pursued by the US. Considered in terms of Axelrod's thinking about strategies that can enable cooperation in hostile environments, the EU's present foreign policy towards Iran is neither 'nice', 'forgiving' nor 'clear'. It is, however, increasingly 'provocable' (all four are elements of 'tit-for-that' as the most successful collaborative strategy Axelrod identifies). On top of this, the future has a low relevance in current EU-Iran relations due to the extensive sanction regimes in place. See: Axelrod, R. 1990. *The evolution of cooperation*. New York: Penguin Books.

of limited sanction relief, and brings Tehran to severe diplomatic relations. In brief, this scenario offers a proximate continuation of the current downward trajectory in relations with a slightly better assurance that Iran will not dash for the bomb. On balance, its main effects for the EU are negative as there is no restoration of EU-Iran ties to a reasonably functional level. In this scenario, the EU is unable to draw Iran back into its own sphere of influence.

Closing policy reflections

The scenarios outlined above suggest that as long as the EU does not have a foreign policy towards Iran that is prepared to make positive concessions that matter in Tehran and that can be delivered independently from US foreign policy, it remains either a follower of or a hostage to Washington. This is a risky approach because war between Israel, the US and Iran can occur in two of the four scenarios outlined above without the EU having much influence over such an outcome, even though it might be faced with serious externalities resulting from it. Geopolitical tensions between the EU and Iran also run high in two to three of the four scenarios. The EU would struggle to mitigate any of the ensuing risks.

Developing a more accommodating and independent Iran policy requires a clear set of objectives, attractive deliverables, the means to deliver them, and a willingness to persevere in case of disagreements with the US or other powerful third parties. These conditions are hard to fulfil as the EU struggles with a rise in its own extreme right political forces, faces economic challenges from both China and the US, experiences problems of policy coherence with regard to migration, climate change and the internal market, is engaged in a war in Ukraine, and has to get to terms with the new Trump administration. Iran is unlikely to garner premier European policy-making attention or to benefit from European political capital in the near future.

In such a context, two sets of intervention can help the EU to prevent further deterioration of relations, so that some form of restoration is possible when more conducive geopolitical winds start to blow:



- Refrain from actions that unnecessarily polarize relations without obvious gain, such as designating the IRGC a terrorist organization, siding with GCC states in territorial disputes involving Iran, or invoking the sanction snapback provisions of the nuclear deal as long as there is a prospect for meaningful nuclear negotiations.
- Proactively devise modalities, formulas, compromises and bargains that can facilitate and fast-track nuclear negotiations between Iran and the US during the first period of Trump's presidency. The GCC states may become helpful allies this time round, keen as they are on avoiding regional high-intensity conflict for the sake of their own development.¹⁰

10 This approach can build on some of the starting points recently provided by Mohammed Zarif, see: Zarif, M.J. 2024. 'How Iran sees the path to peace: The Islamic Republic is open to negotiations, including with America', *Foreign Affairs*: <https://www.foreignaffairs.com/iran/how-iran-sees-path-peace>.

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