

Study of the European Union Economic Policies towards Iran in Post-JCPOA

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ABSTRACT

Iran-the European Union (EU) relations have experienced numerous ups and downs at different times, so that these relations have undergone various modifications and transformations with various governments. After President Hassan Rouhani took office, a new era in Iran-EU relations was formed with the negotiations over the dispute over Iran's nuclear program, which eventually led to the so-called "Joint Comprehensive Plan of Action" (JCPOA) agreement, known as a diplomatic success. This article addresses the question of what policies and actions the European Union will take towards Iran in the post-JCPOA and with the withdrawal of the United States from the JCPOA? The EU position on energy supply from Iran is also assessed in this regard. The present study is a documentary research, in which the documents were prepared and reviewed through a descriptive-analytical method. The findings indicate that the EU policies first include forcing Iran to accept the post-JCPOA conditions, taking a symbolic stance against the USA, and finally, a pleading policy.

Keywords: The European Union, Iran, Energy Supply, JCPOA, USA

Introduction

Whether individually or within the European Union, European countries have been mainly interested in establishing relations and exploiting the economic capacities of Iran since the victory of the Islamic Revolution. The Iran and the P5+1 agreement in Vienna on July 14, 2015 is a continuation of the dynamic process of Iranian foreign policy in the prudence and hope government, which is a process achieved simultaneously with the 11th presidency on June 15, 2013 and a new discourse was established in the Iranian foreign policy. The Vienna Agreement could lead to new horizons in the trend of EU-Iran cooperation and even extend to other countries and power blocs. Furthermore, the EU considers this agreement as one of the most significant and sensitive development (nuclear) in the international community, which also tested the successful efforts of the EU's common foreign policy. It is a case that the EU has played a highlighted role in since 2002 through its union (Delavarpour, 2017: 87).

The Vienna Agreement formally finalized the high-level diplomatic relations and extensive trade and economic cooperation with Iran. It seems that the opportunity is provided now for extensive political interactions and comprehensive economic and trade Iran-EU cooperation. There have been frequent political, economic, trade, and parliamentary trips from European countries to Iran in the last couple of years. The final agreement resulting from these negotiations will create a new perspective in the country's foreign policy and be considered a turning point in Iran's foreign relations. The Iranian foreign policy is at a new turning point, probably is more active than ever, and will establish new relations with various countries. European countries have played a coordinating and catalytic role in the nuclear negotiations, particularly in recent years, and have paved the conditions for the rapprochement of the views of Iran and the United States (Ardam, 2021: 2213).

It can be noted that the EU is significantly influenced by the Vienna Agreement, which increased the EU' international political prestige worldwide and was a positive position in the framework of the common foreign and security policy of the EU. That is why, despite the US withdrawal from JCPOA, the EU, particularly its three major countries (Germany, France, and Britain), still emphasize Iran's presence in JCPOA, because Iran's withdrawal will confirm the US's excessive influence over European countries and diminish the EU's role in international relations. Iranian large market can provide great trade economic opportunities for European countries and companies, which should not be missed. Fundamentally, it is very important to provide opportunities to help the poor economy of these countries due to the difficult economic conditions and chronic unemployment in European countries. On the other hand, the removal of some sanctions, accompanied by the adjustment of the resulting psychopolitical pressure, opens up many opportunities for Iran (Ardam, 2021: 501).

These opportunities pave the way for new political, economic, trade, regional, and international interactions for Iran and promise new relations and diplomacy between Iran and many countries worldwide. Therefore, it is important to study the impact of the nuclear agreement (JCPOA) on the development of political and economic relations. On the other hand, European countries' political and security issues today are strongly tied to the developments in the Middle East and the growth of fundamentalist groups (Soleimanzadeh, 2018: 101).

Increase in Iran-EU cooperation can affect the events and developments in the Middle East and increase the EU's influence in the region and the world through Iran. Given the recent issues in the Middle East, the growth of terrorist groups in the region, and the increase in migration, which is a threat to European countries, it seems a shift in attention to Iran. As such, Iran can be considered as a strategic partner for the EU in the fight against terrorism and as one of the stable countries in the region. Now, these opportunities are in jeopardy for both sides with the US withdrawal from JCPOA, and adoption of a series of policies and measures, including pressuring Iran to accept the post-JCPOA conditions, symbolic stance against the USA, and the pleading policy, as well as presenting a proposed package, are the EU's strategies to maintain JCPOA and cooperate with Iran, which are addressed below.

Theoretical framework

Constructivism theory was selected as a theoretical framework in this research. The constructivism approach can also show some important aspects of Iranian foreign policy, including the impact of norms

and identity on political behavior since Middle Eastern societies particularly emphasize the subjectivity of decision makers and communities more than objectivity. Accordingly, and in general, two kinds of norms have been effective in the formation of Iran's identity in the last 30 years. From the domestic aspect, norms related to foreign policy derive from political culture. In fact, constructivism, in contrast to realist and rationalist approaches that explain the behavior and performance of the government based on utilitarianism, focuses more on identity and norms as factors and motivations for the government behavior (Haghshenas, 2011: 123).

Government identity profile is the first step in calculating the constructivism of foreign policy. Identity is the intermediate concept between the environment and agents, i.e., agents formulate policies to advance their collective interests, which are defined based on identity and the norms that shape the government identity. Identity has two dimensions: (i) The social government identity has an internal aspect and is created under the influence of internal and external values and norms. (ii) The foreign policy of the Islamic Republic of Iran is mostly based on Islamic values and norms from which the government's identity is derived. In fact, interests are defined by the government identity. The social identity of the government of the Islamic Republic is based more on Islamic values and norms. When we talk about the Islamic Republic, it is first and foremost the adjective "*Islamic*" that actually determines the set of norms and values that most or perhaps more specifically, affect the foreign policy of the Islamic Republic. It can be mentioned that the "Islamic identity" of the Islamic Republic here determines the interests and objectives of foreign policy and also determines how to conduct foreign policy (Heidari & Anami Alamdari, 2009: 179).

In analyzing the Iran-EU relations, it should be noted that the EU emphasizes giving priority to the category of identity instead of interests in continuing its relations with Iran because the special interests of Europeans have been established in a certain identity. According to superior discourse of the EU over Iran in the field of international relations, this can be precisely assessed in the form of a constructivist approach, where identity is said to take precedence over interests. While the EU strongly emphasizes that Iran's identity must conform to internationally accepted standards and norms, and this is exactly the key phrase in the constructivism approach that a nation can never individually establish or define its identity and interests, and identity finds meaning in a collective form (Aghaei, 2007: 12).

European politics in the post-JCPOA period

This question has been raised in public opinion these days after the withdrawal of the old European ally, because the continuation or termination of EU-Iran cooperation within the framework of JCPOA will cause the EU to determine its degree of independence from the United States and also result in taking a new approach by the EU to politics and economics without relying on the United States. European countries encounter dual and contradictory challenges in this struggle. The USA has defined its interests separately from the EU since Trump took in office. The US withdrawal from the Paris climate agreement and the imposition of tariffs on steel imports are two examples of these measures. Europe's conflicts with the USA on the continuation of JCPOA are another issue and a new challenge for them. On the other hand, European interests lies in continuing the cooperation with Iran within the framework of JCPOA (Soleimanzadeh, 2018: 108).

This is important both politically and economically. It should be noted that JCPOA has politically lifted the weight of Europe as a power hub that plays an effective role in resolving global challenges, and JCPOA has economically become the savior of many of Europe's bankrupt countries. For example, the value of Peugeot Citroen shares increased with its re-entry into the Iranian market within the framework of JCPOA and saved it from imminent bankruptcy. Likewise, many experts believe that the termination of the company's cooperation with Iran and the loss of the Iranian market will be a heavy economic impact on this company. However, the EU is not able to stand up to the USA in these challenges (economic and political). Statistics published on the European Commission's news site show that the EU's trade with Iran is not significant compared to the EU's trade with the USA (Maupin, 2016: 18).

While in 2017, Iran's trade with the EU amounted to €21 billion, the EU trade with the United States in the same year was 30 times more than trade with Iran, i.e., €632 billion. The EU without US support

politically has a difficult time against Russia and China and needs strong cooperation with the USA. The EU, which in this situation is at the crossroads of continuing or terminating cooperation with Iran within the framework of JCPOA, has adopted several policies (Yazdanifam, 2016: 65):

Step 1: In the first step, Europe tried to impose pressure on Iran to accept the post-JCPOA conditions, especially on the issue of missiles. This policy failed with Iran's firm stance. Donald Trump's threat to abolish JCPOA has made Europe think of an "emergency solution" to preserve it (Delavarpour, 2017).

The New York Times writes that EU member states do not intend to rewrite the JCPOA, but want to write an add-on agreement, under which Iran's missile program will be suspended and its ability to produce nuclear fuel permanently limited. Years of intermittent negotiations and then months of centralized and continuous negotiations between Iran and the P5+1 – or as the Europeans have called it, emphasizing the presence of the three European powers, the P3+3 – indicate the importance of the outcome of these negotiations for Europe. As Germany, France, and Britain are now trying to preserve what was being achieved (Yazdanifam, 2016: 75).

Iran may be a solution for the current overt and covert crises of Europe. More than sixty years ago, with the end of World War II, all of Europe was left in ruins. In order to be able to stand on their own feet again, with the founding of the Coal and Steel Union, and shortly after the signing of the Treaty of Rome, the EU leaders not only revived the wrecked economy of the post-war years, but also laid the foundations of a European Economic Community or common market. Fragile post-World War II peace in Europe was stabilized only by the continent's steady economic growth. A quarter of a century after the formation of the European Union, however, has faced fundamental challenges and problems, each of which alone can jeopardize the existence of the union. Although problems already besiege Europe, Europe is now one of the top three economies in the world, but its situation is very fragile (Mousavian, 2015: 49).

An economic earthquake a decade ago pushed some the Union's countries to the brink of bankruptcy. Spain, Portugal, and Italy survived, and the situation in Greece became critical, the resulting street riots resulted in casualties. Now Europe, slowly recovering from the crisis, is facing a phenomenon that perhaps no political elite could have predicted: the declaration of the US trade war against Europe with the arrival of Donald Trump in the White House is a danger lurking in the continent's economy. The Middle East may be a region known for its chaos (Todds, 2017: 17).

Over the last decade, however, wars and conflicts in the region and in North Africa have directly or indirectly affected the EU. The Arab Spring, the rise of extremist groups, the war in Syria and the invasion of ISIS in the country and neighboring countries, and most clearly, the issue of displaced and homeless people in the Middle East and North Africa, which are inevitably forced hundreds of thousands to flee to Europe's borders, as well as funding for the reception of refugees have put additional pressure on a its struggling economy. The chaos of Crimean Peninsula in 2014 literally sparked a war in the heart of Europe, and Russia was so powerful that it was able to dominate Crimea, and to legitimize its presence on the peninsula, which belongs to Ukraine under international treaties, with all global consensus against it, it held a "referendum" and annexed it to its territory (Soleimanzadeh, 2018: 121).

Europe, exhausted by other crises and, most importantly, dependent on energy imports from Russia, failed to react as it should to the illegal annexation of Crimea by more than a few political statements and the imposition of less cumbersome sanctions against Moscow. That is, the gas valve in the hands of the Kremlin is like a sword under the throat of a union that must now choose between its existence and its values. Iran is a country governed by its own economic model: a vast and pristine market that has become a decisive factor in nearly four decades after the Islamic Revolution, whoever owns it has achieved a decisive factor, and access to the major gas reserves in Iran is undoubtedly a trump card for the Europeans that will change the game (Mousavian, 2015: 41).

Iran has the largest gas reserves after Russia, and some experts believe it may have more undiscovered reserves, which have been left untouched by a lack of technology in recent decades. In addition, the items Iranians needed, including their vital demand to purchase large numbers of aircraft and their readiness to import major products and technologies such as automobiles and the automotive industry could guarantee a promising economic boom for Europe. The hope that the US President's signature on the withdrawal document now seems to have faded. On the other hand, Iran's geostrategic position, both before and after

the Islamic Revolution, has made it one of the main players in the region. As abovementioned, we will understand why the EU is attempting to encourage Iran on post-JCPOA conditions (Maupin, 2016: 19).

Step 2: The second policy adopted by the EU can be considered as symbolic political stances against the USA; of course, these stances were aimed at Trump, not the entire USA administration; the issuance of a statement immediately after the withdrawal of the United States from the JCPOA can be considered part of this policy. An official statement from the European Union (EU) said: "The European Union (EU) deeply regrets the US President's statement to withdraw from the JCPOA nuclear deal," (Nytimes, 2016: 44).

JCPOA has unanimously ratified UN Security Council Resolution 2231, and it is a key component of the global nuclear non-proliferation structure and vital to regional security. The statement, issued by EU foreign policy chief Federica Mogherini on behalf of the EU, said: "As long as Iran continues to fulfill its nuclear commitments, as it has done to date and as confirmed by the International Atomic Energy Agency in 10 consecutive reports, the EU will remain committed to the full and effective implementation of the nuclear agreement. This statement added: The removal of sanctions related to nuclear activities is an important part of the nuclear deal, and the EU has repeatedly stressed that the removal of sanctions has a positive effect on trade and economic relations with Iran (Mousavian, 2015: 44).

The EU reaffirmed its commitment to ensuring its implementation. It is mentioned at the end of the EU statement: JCPOA is the result of 12 years of diplomacy that has worked on its main objective. The EU is determined to work with the international community to secure this agreement. The EU foreign policy chief, Federica Mogherini, stressed immediately after the US president's decision that the EU is committed to the nuclear deal with Iran. The leaders of Britain, Germany, and France, who have repeatedly tried to keep Trump in the international agreement, have issued separate statements in support of JCPOA (Yazdanifam, 2016: 75).

Other actions in this area include, for example, the president of France, who is one of the main supporters and signatories of JCPOA. He attended a press conference in Dubai in November 2017 and then traveled to Riyadh to meet Saudi Crown Prince Mohammed bin Salman and resolve the Hariri case. He strictly defends Iran-France relations, emphasizes France's adherence to the Vienna Agreement, but also insists on the need to complete it "by adding two other principles to negotiate Iran's missile activities, even if necessary by imposing sanctions and strategic dialogue to limit Iran's hegemony in the region" (Haaretz, 2016: 12).

Changing the dialect obviously and using words such as '*negotiation*', '*punishment*', and '*domination*' makes Tehran angry because this issue is not negotiable for it. The tone is sharper as officials react softly, but President Rouhani's opposition discourse differs, particularly after Emmanuel Macron openly urges Iran to take a "less aggressive stance" in the Middle East a few days later (Yazdanifam, 2016: 73).

The conversation continues, but the war of words has begun. Foreign Minister Jean-Yves Le Drian stated in a December 12 TV program on French Channel 2 that Iran's presence and its will to establish a Tehran-Mediterranean axis should be opposed. A few days later, Ali Akbar Velayati, diplomatic adviser to the leadership, told a news agency: "If France wants to maintain its international prestige, it must stop blindly following the USA" (Delkhosh, 2017: 35).

Step 3: Today, the EU has adopted a new policy, which is to negotiate with the USA, or i.e., to beg the country to continue cooperating with Iran. Joint letter from the foreign and finance ministers of the three European countries (France, Britain, and Germany) to their American peers and their request to the US government that those European companies that had invested in Iran after the implementation of JCPOA be exempted from sanctions can be analyzed in this context (Delkhosh, 2017: 45). Of course, the EU cannot stand firmly against the USA, and that is why it has pursued a policy of begging and pleading. Macron's recent stance on Trump, who said that if you are not comfortable with an agreement signed by your predecessor, do not prevent others from keeping it, is in line with that policy.

Conclusion

The pivotal subject about the EU is that the EU seeks to diversify its energy resources to ensure energy security in the long run, which can be due to the EU's lack of confidence in Russia for energy supply. Iran's strategic position in the region, as well as its huge oil and gas reserves, prompted the EU to pursue stable

economic and trade relations with Iran, where the arrival of representatives of European oil and gas companies in Iran after JCPOA and their readiness to invest in this sector shows the importance of this issue. Many of these interests are now at stake with the withdrawal of the USA from JCPOA. With the unilateral withdrawal of the USA from JCPOA, European countries pursued a series of measures and policies to prevent the collapse of JCPOA, because if the Iranian side withdrew from JCPOA, the EU's excessive dependence on the USA, both politically and economically, would become more apparent in the international arena. Therefore, it attempted to encourage both the American and the Iranian parties to maintain JCPOA through a series of actions and policies: In the first step, it tried to pressure Iran to accept the post-JCPOA conditions, particularly in the missile position, but it was not successful. The next step attempted to take a symbolic stance against the USA, which could include the issuance of a statement after the US withdrawal, which was also fruitless. And in the last step, it pursued the policy of bargaining or the same pleading policy with the USA, because many European companies that came to Iran after the JCPOA agreement and are investing in Iran, their capital is in danger by canceling JCPOA. Therefore, the EU, with its pleading policy, is trying to convince the USA to exempt these companies from sanctions. Another step taken by the EU was to offer a package for Iran-EU exchanges in euros instead of the dollar, which was not fruitful to date. However, we should not rejoice in USA-Europe conflicts, because these conflicts will continue as long as the USA does not have the will to respond to these countries, and if these countries are faced with pressure from the USA to cut off cooperation, they will certainly not be able to make independent decisions, and of course we must be careful that the EU-US sham quarrel does not turn into a dispute between political currents inside Iran. The best thing for Iran is to be a permanent presence of JCPOA. Economically, it is better for the Iranian authorities to have a limited partnership with Europe against the USA than to be alone against the USA without European support. To that end, France and its partners must find a way into a globalized world that is still dominated by the US dollar, which has significant enough extraterritorial benefits for Iran, despite the re-imposition of sanctions by the USA, and provide sufficient support and guarantee the European institutions that want to continue working with Iran.

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