



# Iran

in-between us

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Partner Organisations



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# Introduction

*Ilya Roubanis*

The ambition of “Iran in-between us” is to capture the unravelling of the Joint Comprehensive Plan of Action (JCPOA) as a transformative moment in international relations. Rather than advancing a thesis – for or against engaging in a transactional relationship with Iran to limit the country’s nuclear ambitions – the objective was to view the unfolding events from multiple perspectives, capturing the spectrum of opinion. In doing so, this project contributes less to our collective understanding of Iran and focuses instead on the failure of the Transatlantic Partners – US, UK, EU – to consolidate a single position, acting as a collective security actor or “community.” Washington cannot be counted upon as a security provider

The volume sets the stage for a deeper understanding of unfolding events. A US strike against the Iran-backed militias in Iraq in June 2021 suggested a policy of deterrence, while President Biden made clear that Iran would not be allowed to develop a nuclear bomb “on his watch.” This strike and Biden’s rhetorical assurances extended to the newly formed Yair Lapid – Naftali Bennet government of Israel offering assurances of the enduring special US-Israeli relationship, further suggesting that Washington will not invest in a transformational agenda in the region. The successors to Benjamin Netanyahu were quick to underscore that Israel’s opposition to JCPOA is as relentless as it has ever been. Ilan Berman (Chapter 2) was among those who have made the case in Washington that maximum pressure was largely an effective policy that entailed a tremendous economic cost for Iran, undermining the regime’s legitimacy and ability to project power.

That line of argument remains popular among Republicans and less appealing among Democrats. But that does not mean Biden will expend precious political capital to restore the status quo. For the State Department, the JCPOA is a nonbinding political agreement, as a treaty would require a two-thirds majority vote in the Senate that the Biden Administration cannot push through. Therefore, Washington cannot be a credible stakeholder neither vis-à-vis Tehran nor Brussels. Although the stated objective of the Biden Administration is the restoration of JCPOA, he is not politically able to deliver as it is not clear that he could even rally all the Democratic votes on the Hill. Senior Democrats such as Jack Schumer, Bob Menendez, and Lois Frankel have criticised the JCPOA on the grounds that it did not address Iran’s ballistic program or hinder its capacity to



pursue a nuclear program in the future. As people with knowledge on how intelligence services operate (Chapter 3: London, Behraves), hard line positions are mutually constituting: each side seeks to limit the choices of the other.

No mistake should be made: Iran's President elect, Ebrahim Raisi, may be open to negotiating the restoration of the agreement as that would yield economic returns. A revived JCPOA would be an economic boon and a political boost for the conservatives, delivering where the reformists failed. That is significant. Raisi is well aware that he came to power because disillusioned reformist stayed at home on June 18, 2021: the 48% electoral turnout was a record low. But Raisi ruled out further discussions on Iran's regional role and missiles. And in doing so he makes it difficult for Biden to carve a path towards the restoration of JCPOA. It is foreseeable that Tehran will articulate "maximum scepticism," step back from the logic of step-by-step compliance, and work closer with Russia and China.

But it is not only Iran that finds it difficult to trust Washington. As explained by Clingendael's Ervin van Veen (Chapter 1), the last time Europe took Washington's political commitment at face value they faced a dramatic political U-turn at the cost of billions of dollars. Washington's "maximum pressure" was turned towards its allies, through the credible threat of secondary sanctions, presenting a litmus test for the Alliance. That kicked off a process of reflection on strategic infrastructures which, coupled with Brexit, could insert a wedge between Transatlantic partners. One of the significant conclusions was that Washington's ability to commit has little to do with the intentions of its President. The polarised American political system cannot be trusted to make long term strategic commitments. That realisation accelerates a passage from a multilateral "West" to plurinational arrangements within Europe that may in time undermine the historical umbrella of Euro-Atlantic security.

Britain falling through the cracks of the Euro-Atlantic partnership

In this context, Britain was caught in-between Europe and the United States. For more than two years, London reflected on the substance of the "Global Britain" brand, with then Foreign Secretary Boris Johnson articulating a traditionally Conservative position that begins every foreign policy calculus with the primacy of the special relationship. But the substance of that special relationship is now very different.

For decades, the UK was seen as the Anglospheres' liaison in the Continent, with London aspiring to put European mass behind British qualitative advantages: membership of the Five Eyes (FVEY)

intelligence sharing framework, one of the five privileged seats at the UN Security Council, the nuclear deterrent, and global power projection capabilities. Within Europe, the UK favoured a vision of the EU as the Economic pillar of the Euro-Atlantic partnership, striving to dissuade and undermine any notion of European interest articulation that did not reference the Alliance. In Brussels, the UK articulated the interests of global trade, finance, and paradoxically made the case for further enlargement. Now the UK is a stakeholder but not a decision-maker in European political coordination.

The Iranian question was the first “either or” dilemma pressing London to pick a side between Brussels and Washington. The UK is a guarantor of the JCPOA and London did not officially fall in line with the "maximum pressure" doctrine. However, when it mattered, the UK’s loyalty was first and foremost with its American partners. On July 4, 2019, a detachment of 30 Royal Marines intercepted and seized an Iranian oil tanker, Grace I, off the coast of the British Overseas Territory of Gibraltar. The official position was that the intercepted Iranian vessel was boarded not because it was Iranian but because it was bound for Syria. But that was only applied to an Iranian rather than a Russian vessel. For the first time, Iran did retaliate, moving to restore a transactional symmetry between London and Tehran, testing at once the resolve of Europe and Washington to stand by Britain (Sarris, Chapter 4).

While an actor like Britain can be caught between the cracks of the Euro-Atlantic partnership, other states need to slide through in an “open horizons” game that is increasingly more feasible. By withdrawing from the JCPOA, the Trump Administration moved away from a predictable rules-based international order towards a more transactional model of plurinational alliances, with greater scope for opportunism and unforeseen challenges. A volatile actor in this scheme is the United Arab Emirates.

The Emirates as a factor of volatility

The Israeli-UAE normalisation agreement in 2020 was condemned by Tehran as a stab in the back for Palestinians, while Iran has warned that it will hold the Emiratis responsible if there is an attack on Iranian soil via the Persian Gulf and pronounce the UAE a legitimate and target. Naturally, the Emiratis will not be an easy target.

A European-led maritime mission to monitor Gulf waters is stationed at the French naval base in Abu Dhabi, designed to deter attacks on oil tankers, allegedly by Iran. The mission liaises with the Anglo-American maritime coalition (Operation Sentinel) based in Bahrain but the two have not



merged, partly because Europe does not want to be in the same frame with Washington after the demise of JCPOA. Needless to say, Tehran is not happy to have either an American or a French Naval base stationed in the region. But this is not a straightforwardly Iran versus the West issue anymore. As ship mining, drone shootdowns, and facility bombings attributed to Iran-backed militias have not always been met with tit-for-tat responses by Washington, the Emiratis are hedging their bets, building on multi-layered ties with Paris.

At the same time, the Emiratis cannot ignore geography. Dubai is home to more than 8,000 trading firms and 500,000 Iranian citizens that control hundreds of billions of dollars in assets. If Iran is under embargo on the insistence of Israel and on the basis of US enforcement, the UAE has been able to provide a window for Iran to international banking, shipping, oil markets, and financial transactions, made clear throughout this volume. The problem with this approach is that the UAE itself may become a legitimate ground for the proxy clash of Israeli and Iranian intelligence services and paramilitary groups. For instance, it has been reported that the Israelis avoided the Emirati biennial International Defense Exhibition and Conference (IDEX, 2021) fearing that its delegates could be targeted by Iran. In March, Israel warned tourists to avoid the UAE fearing they would be targeted by Iran. At the same time, Israeli media reported a foiled attempt by Iran to attack the Emirati Embassy in Ethiopia. The Emirati policy of building military deterrence against Tehran while remaining financially instrumental to Tehran could backfire, providing both countries with legitimate targets. In this scheme, the UAE is the epicentre of a volatile region that will test an emerging system of alliances that has yet to be balanced.

As noted by Julian Richers, the central arguments in this volume are twofold. Firstly, the changing geopolitical dynamics have allowed Iran to turn the tables and play its own Great Game with the EU, the UK, and the US. Doubt and mistrust between the Western allies and the opportunism of emerging non-aligned actors, like the Emirates, create an unpredictable security landscape, where Iran will test the solidarity of Allies. In sum, “Iran in between us” can be read as a review of the Euro-Atlantic debate on JCPOA, the articulation of a profound Euro-Atlantic crisis, and as a review of the processes that are transforming “The West” as a community of collective defence, trade, political and economic cooperation. Regardless of how one perceives the arguments in this volume, the culminative effect is that the question of Iran has been catalytic in rethinking the Euro-Atlantic partnership as an independent variable in global diplomacy.

# Chapter 1: Coming out and breaking out: The US, Iran and Europe go nuclear

*Erwin van Veen*

## Summarizing a European Dilemma

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 polarization and conflict. The twists and turns of its gradual decline have shown the US to be an



unreliable international negotiator with few qualms to achieve 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 survival with scant regard for the dire situation it has helped bring about in Lebanon, Syria and Iraq. In turn, the European Union (EU) has been exposed as the ‘emperor without 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 the outcomes it sought to avoid by negotiating the JCPOA ever closer: 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 polarization, 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 while 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 regional order

with negative consequences for the global economy, ensure Yemen will remain a protracted war and made a regional security initiative more necessary, but less likely.

Nevertheless, it is not too late for the EU to introduce some common sense in this tense geopolitical equation. The security dimension of the US – Iranian conflict can only be resolved well after the US elections. But to defuse tensions and lower the perceived need for military action, the EU can decide to support Iran 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 an upgraded 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.

It is over two years ago since 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 it aims for regime change instead.<sup>1</sup> Official US reasons for withdrawal include the narrow scope of the JCPOA, which does not cover Iran’s regional proxy forces or missile program, as well as the expiration dates on some of its provisions, which are alleged to be too favorable to Iran.<sup>2</sup> Unofficially, the foreign policy preferences of US allies Israel and Saudi Arabia have been influential factors, as has been the JCPOA’s status as foreign policy success of the Obama administration. Such reasons being as they

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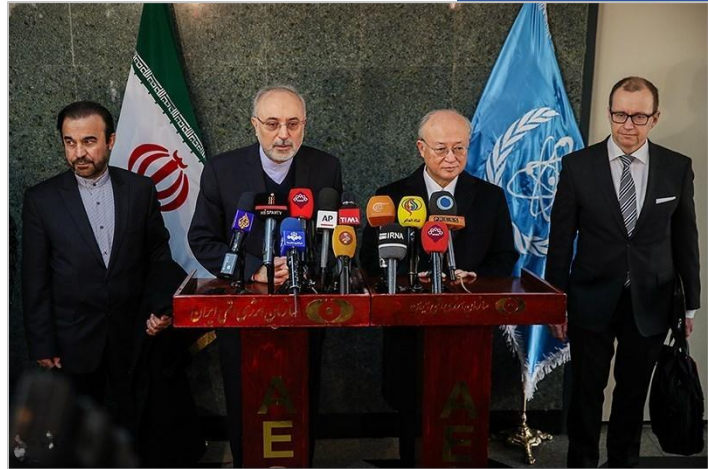
<sup>1</sup> The twelve demands that Secretary of State Pompeo laid out in his May 2018 speech made this objective fairly clear. It was written to be rejected. See: Pompeo, M., *After the deal: A new Iran strategy*, The Heritage Foundation, 21 May 2018, online; the gradual expansion of US sanctions from 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 they target 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.

<sup>2</sup> See: <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-ending-united-states-participation-unacceptable-iran-deal/> (accessed 22 September 2020).



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).<sup>3</sup>

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.<sup>4</sup> When this fell short of Tehran's expectations and the US terminated the sanction waivers it had extended to Tehran's major oil-importing customers,<sup>5</sup> Iran took a series of small steps away from the deal and started demonstrating its regional 'harassment capabilities'.<sup>6</sup> 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 realizing geopolitical benefits through economic coercion continues.

It is with this context in mind that the paper assesses the consequences that result from the interaction between US sanction on Iran and continental Europe's own engagement with the JCPOA.<sup>7</sup> In particular, it examines whether the case of the JCPOA is a harbinger of a growing

<sup>3</sup> 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).

<sup>4</sup> The essential quid pro quo of the JCPOA was regularization 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.

<sup>5</sup> See Reuters, 22 April 2019, online (accessed 5 June 2020).

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

<sup>7</sup> 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 as author.

American – 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 the cost of decades of benefiting from the US political-security umbrella with interest. While this umbrella used to be mutually beneficial, the EU is finding out today 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 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.
- 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 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 in the broader geopolitical equation. Next, Section 3 analysis 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 constrain 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.

### *The evolution of the JCPOA's Middle East strategic context*

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 emerged of the Islamic Republic of Iran's covert development of nuclear capabilities, 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

#### *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>

intended to get the country 'back on track' subsequently got stuck in a guerilla war with Taliban 'remnants', which lasts 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.

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 'axis of



evil' tag 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.<sup>8</sup> But the election of the 'radical fundamentalist'<sup>9</sup> Ahmadinejad to the Iranian presidency in 2005 closed the opportunity before it could be brought to full fruition.<sup>10</sup> 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 internationalized 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 democracy<sup>11</sup> and Islamic autocracy. Iran responded cautiously

<sup>8</sup> 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).

<sup>9</sup> 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.

<sup>10</sup> Katouzian (2010), *op.cit.*; Brumberg and Farhi (2016), *op.cit.*

<sup>11</sup> 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 or Hungary under Fidesz.

in the beginning, even though it publicly echoed the language of rights and revolution on the basis of its own recent history.<sup>12</sup>

However, when the revolutionary fire scourged the Assads in Syria, Tehran mobilized swiftly. As longstanding ally, conduit to Hezbollah and essential element of its ‘defense in depth’<sup>13</sup> 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, mobilizing militia across the Shi’a world and sending elements of its own revolutionary guard.<sup>14</sup> Paradoxically, the Iranian intervention in Syria grew in significance as the JCPOA negotiations progressed. The Obama administration and the E3 compartmentalized 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.<sup>15</sup> As one European interviewee put it: ‘there is nothing to win by supporting Iran and the domestic costs are high’.

The rise of the 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.<sup>16</sup> Today, Iraq is also an essential safety

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<sup>12</sup> 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.

<sup>13</sup> This concept could only be truly operationalized after the 2003 US invasion of Iraq since Saddam Hussein used to represent a formidable barrier between Hezbollah / Assad and Tehran.

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

<sup>15</sup> 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.

<sup>16</sup> See for instance: Van Veen, E. and N. Ezzeddine, *Who’s afraid of Iraq’s Hashd?*, War on the Rocks, online, 2019.

valve for the sanction-hit Iranian economy today. For example, in terms of Iraqi electricity imports, its Central Bank conduit to the dollar, religious visits and informal trade.<sup>17</sup> However, rendering Iraq the service of helping defeat IS came at the cost of greater Iranian influence in Baghdad with the additional advantage of geographically linking Beirut, Damascus and Baghdad with Tehran. Although one could argue that this ‘alignment’<sup>18</sup> consists of a country in recurrent political crisis (Lebanon), a country destroyed by war (Syria) and a country devastated by ethno-sectarianism (Iraq), it nevertheless poses enough of a menace to regional powers like Israel and Saudi Arabia to rally strongly against both the JCPOA and Iran itself.

These countries use the anti-Zionist and anti-Saudi rhetoric of ranking Iranian politicians, as well as Iranian support for militant organizations like Hamas, the Houthi and Hezbollah, to paint Tehran as an aggressive and revisionist actor. Although some of these concerns are both well founded and understandable, they sometimes reverse causality. In a number of cases, Iranian support largely followed initial aggression on the part of others (e.g. Israeli expansion predates Iranian support for Hamas).<sup>19</sup> As the Obama administration gave Israeli and Saudi concerns a relatively cold shoulder, they took matters in 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 latent to acute 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

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<sup>17</sup> 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.

<sup>18</sup> President Bush’ ‘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.

<sup>19</sup> 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 in the domestic affairs of these countries, but this network has arguably mostly developed pragmatically in response to events/threats and less in the planned, 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; Behravesht, M., *Iran’s Unconventional Alliance Network in the Middle East and Beyond*, MEI, online, 2020 (accessed 26 June 2020).



evil' label in a context of decades of mistrust, 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 80s, 90s and 00s.<sup>20</sup> 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 military to safeguard its own national security, but conveniently also provided Tehran with a further 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 favor of its allies Saudi Arabia, the United Arab Emirates (UAE) and Israel. It used the JCPOA as lever and sanctions as method 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 Arab uprisings, growth of the Islamic State and Washington's strategy of economic coercion play well into Iran's 'resistance narrative'.<sup>21</sup> Tehran's more assertive posture after the spring of 2019 shows it standing up against hostile US, Israeli and Saudi Arabia 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 center of gravitas in Iranian domestic politics is shifting to the very conservative factions that the US would like to see out of power.<sup>22</sup> Paradoxically, the US maximum pressure campaign has so far hardly altered Iran's foreign policy behavior in the Middle East but 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.

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

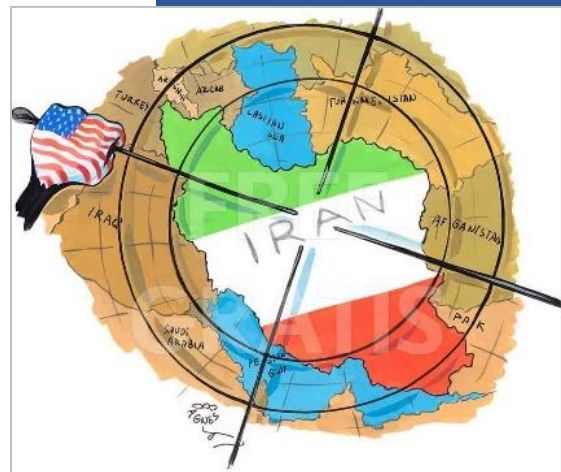
<sup>21</sup> By 'resistance narrative', I mean here the doctrine of Iran's ruling elites that justifies their anti-US and anti-Israel policies across the Middle East for their transnational Shi'a audience. It fuses three elements: a) Shi'a eschatological elements of suffering from oppression, protest 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 mobilize popular support and c) political elements of alliance, militancy and identity formation that operationalize 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.*

<sup>22</sup> 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 in respect of the JCPOA. They wish to honor 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 and China, the Gulf as well as the nature of global trade. Defending their own interests requires a number of western European countries to emancipate rapidly – but selectively - from institutional and financial dependencies centered on the US that were constructed over decades.

#### *European policy objectives for the nuclear deal*

The basic approach of the EU/E3 has been to pursue a compartmentalized 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 linchpin, assuming that should it create a nuclear weapons capability, Turkey and Saudi Arabia will follow. In other words,



the threat of a nuclear-armed Iran for regional stability 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 like Iran's missile program 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 other 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 at the same time increasing tensions with the same West by expanding its regional militant influence in Syria and Iraq.<sup>23</sup> In part, this reflects the permanent competition 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. There is no backup plan either. 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 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 of November 2020. The US aim of regime change in Iran is clearly recognized in Berlin, Paris, Brussels and The Hague, but while it is viewed with incredulity, it is also hardly resisted due to the deeply ingrained transatlantic security reflex - among foreign policy communities in Berlin and The Hague especially.

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<sup>23</sup> See also: Watling (2019), *op.cit.*



### *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.<sup>24</sup> 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 1 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,<sup>25</sup> activated the EU's blocking statute<sup>26</sup> to thwart US sanctions from having effect in the EU, and instructed the European Investment Bank 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 EUR 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

<sup>24</sup> Consider the order of the International Court of Justice of 3 October 2018, online; or UN Security council resolution 2231 (2015, online) that was unanimously adopted (both accessed 14 June 2020).

<sup>25</sup> 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).

<sup>26</sup> 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).

were relatively powerless to stop short of triggering a full-scale economic war through retaliatory measures.

Table 1: Overview of major European companies disengaging from Iran<sup>27</sup>

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 EUR 1.6 billion in deals, investment and revenue, cancellation of flight connections
French companies		Airbus (French/German), Air France, Renault, Total	Loss of EUR 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 EUR 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, EIB operations vulnerable to its need for access to US financial markets and SWIFT disconnected Iranian banks from the global payment system despite EU protestations.

Next, the E3 created INSTEX to enable commercial trade with Iran without recourse to the dollar. As ‘Special Purpose Vehicle’, its intention has been to provide a payment channel and insurance mechanism to eliminate the risk of sanction to companies that are willing but cautious to transact with Iran. Yet, it took until January 2019 for INSTEX to be incorporated and another fourteen 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.<sup>28</sup> 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

<sup>27</sup> 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).

<sup>28</sup> 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.

the JCPOA - and which had been subsequently blocked by US sanctions.<sup>29</sup> 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.<sup>30</sup>

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. Yet, the EU/E3, Russia and China co-negotiated the JCPOA and took a set of commitments on that they now struggled to honor.

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-centered conduit to maintain some deniability of ignoring US sanctions.<sup>31</sup> Nevertheless, official data show a 30-40%



drop in bilateral trade between China and Iran as well: from \$3-3,5 billion in June-July 2018 to \$2 billion in June-July 2019.<sup>32</sup> This suggests 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 trade<sup>33</sup> and to engage in negotiations about a long-term strategic partnership with Tehran.<sup>34</sup> Interviews suggest that trade and investment with Russia is relatively irrelevant to Iran except for its potential role as vendor of

<sup>29</sup> See the Joint Comprehensive Plan of Action (JCPOA), Vienna, 14 July 2015, online

<sup>30</sup> 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.

<sup>31</sup> 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.

<sup>32</sup> Katz, D., *Despite sanctions, China is still doing (some) business with Iran*, Atlantic Council, 2019, online.

<sup>33</sup> 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.

<sup>34</sup> 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.

high-quality armaments when the relevant parts of UNSC resolution 2231, which prohibits such sales at present, lapse in October 2020.

Politically, the major difference between China, Russia and the EU/E3 is that China and Russia have shown greater appreciation for Iran's strategy of taking gradual and reversible steps away from its JCPOA commitments after May 2019 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 being able to honor its part of the bargain.<sup>35</sup> In contrast, the EU/E3 has repeatedly criticized Iranian violations, urged it to return to full compliance and even triggered the JCPOA's dispute resolution mechanism (see Annex).<sup>36</sup> 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 and yet it criticizes Iran for not discharging its own obligations even after having been in full compliance for a year in the face of a harsh sanctions regime. However, there is also another explanation for Iran singling the EU/E3 out for its harshest criticism, namely its need for Chinese and Russian diplomatic support in the UN Security Council. The EU/E3 is considered as too close to the US to be of much help. In this regard, Iran, Russia and China have each other's back as weakening transatlantic relations represents a shared geopolitical interest.

### *Addressing 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 turned its political commitment to the nuclear deal into a practical struggle to deliver. These aspects include growing policy divergence across the Atlantic, the permanent adolescence of EU foreign policy and the crisis of confidence between Iran and the EU.

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<sup>35</sup> 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).

<sup>36</sup> 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).



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 WTO, WHO, UN and 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 like 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 like Poland and the Baltic states remain strongly oriented towards the US since they see Washington as their key security guarantor against any Russian assertiveness of the kind witnessed in the Ukraine and the Baltic area.<sup>37</sup> 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

<sup>37</sup> 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 neighbors. See: Westerlund, F., *Russia's military strategy and force structure in Kaliningrad*, FOI (Swedish Defense Research Agency), online, 2017.

13-14 February 2019 to address ‘peace and security in the Middle East’.<sup>38</sup> Not a single senior western European politician attended although more 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.<sup>39</sup>

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 as it now needs the US more than ever as a result of Brexit. London is simply 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. Germany, finally, 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 mobilizing their entire foreign policy toolkit in pursuit of clearly defined national interests. They tend to get along by muddling through their foreign policy dilemmas, keeping friendly with all sides to the extent possible.

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

<sup>39</sup> In turn, the EU also features more Russia-friendly EU members such as Hungary and Italy that Poland and the Baltic states need to contend with.

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’<sup>40</sup> and invested 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.<sup>41</sup>

Turning to the next ‘crisis – the permanent adolescence of EU foreign policy’<sup>42</sup> - 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 rationalization of decision-making (limited 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, securitized 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 realization. The EU being unable 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

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<sup>40</sup> 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).

<sup>41</sup> 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 Qatar, Saudi Arabia, Kuwait and the 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.

<sup>42</sup> 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.

sector to its American investments and the continent's interwovenness with the dollar-dominated global financial architecture. The other aspect relates to the negative image of Iran among Western European opinion- and decision-makers that makes it politically expensive to be seen to act 'in Tehran's favor'. 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.<sup>43</sup> 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 good sources of analysis with the consequence 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 does appear to undertake hostile acts on European territory, such as the recently suspected assassination attempt of a dissident in the Dutch city of Leeuwarden,<sup>44</sup> 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.<sup>45</sup> This is most visible in the form of a bubble of poor quality and partisan Iran 'analysis'.<sup>46</sup>

Based on the preceding analysis, interviews and policy tracing since 2018 (see Annex 1), a provisional assessment can be offered of EU/E3 performance in Europe's 'triple crisis':

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<sup>43</sup> 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.*

<sup>44</sup> 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.

<sup>45</sup> See: Bajoghli, N., 'American Media on Iran: Hostage to a Worldview', in: *Anthropology Now*, 11:3, 31-38, 2019.

<sup>46</sup> 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.



Table 2: A provisional assessment of European performance against the JCPOA

JCPOA crisis dimensions	Issue	Recent measures	Current status
<b>(1) Growing transatlantic policy differences</b>	<ul style="list-style-type: none"> <li>• Most EU countries remain highly dependent on NATO (US dominated) for their security</li> <li>• Growing rifts in the EU-US relation in terms of trade (WTO), diplomacy (Iran, Russia, Israel, China) and climate (Paris)</li> <li>• The European and American financial architectures are interwoven, but only the US has the will and means to leverage this (JCPOA, <a href="#">Nordstream</a>)</li> </ul>	<ul style="list-style-type: none"> <li>• Modest increase in <a href="#">NATO spending</a> and moderate progress in <a href="#">EU defense collaboration</a></li> <li>• Strong trade pushback against Washington resulting in a ‘<a href="#">cease-fire</a>’</li> <li>• EU, China and 14 other countries create a <a href="#">WTO arbiter pool</a></li> <li>• EU transposed the Paris agreement into its ‘<a href="#">Green Deal</a>’</li> <li>• No meaningful pushback against US foreign policy on Iran or Israel; Macron initiative towards Russia; and a more nuanced EU approach to China</li> </ul>	<ul style="list-style-type: none"> <li>• No progress/ action to increase EU economic autonomy<sup>47</sup></li> <li>• 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, it is not able to counter US pressure</li> <li>• The EU continues to lack an autonomous military capability</li> </ul>
<b>(2) An unfinished European foreign policy</b>	<ul style="list-style-type: none"> <li>• Foreign policy orientations and priorities among EU Member States vary significantly</li> <li>• Despite the EEAS, the EU retains several foreign policy centers with some autonomy (DG NEAR, Council, ECHO, DG DEVCO)</li> <li>• EEAS has limited capabilities</li> <li>• Financial instruments are not strategically controlled by the EEAS (e.g. EDF)</li> </ul>	<ul style="list-style-type: none"> <li>• There is talk but no momentum to introduce QMV in European foreign policy decision-making<sup>48</sup></li> <li>• Internal coordination within EU institutions has improved, but remains cumbersome due to different mandates<sup>49</sup></li> <li>• The EEAS has grown, but remains <a href="#">small</a> with 4,100 staff</li> <li>• European Defense cooperation progresses, but pooled military capabilities remain absent</li> </ul>	<ul style="list-style-type: none"> <li>• The EU does not currently possess the unity of strategic thought, culture, organizational cohesion and instruments to enact a foreign policy commensurate to its size and interest</li> <li>• EU foreign policy remains a hybrid of pooled and national elements. Success requires strong Member States to support particular initiatives</li> </ul>

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

<sup>48</sup> Schuette, L., *Should the EU make foreign policy decisions by majority voting?*, CER, online, 2019.

<sup>49</sup> 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).

<p><b>(3) Upholding the letter and spirit of JCPOA</b></p>	<ul style="list-style-type: none"> <li>• The European private sector makes autonomous decisions on investment and trade</li> <li>• 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 business via the financial sector</li> <li>• European governments have not been willing to go against the US in a tangible manner beyond political symbolism</li> </ul>	<ul style="list-style-type: none"> <li>• The blocking statute was re-enacted to reduce the extraterritoriality of US sanctions in the EU</li> <li>• INSTEX was created to reduce the sanctions risk of trading with Iran</li> <li>• The European Commission encouraged the EIB to support <a href="#">SMEs</a> and <a href="#">infrastructure investment</a> in Iran</li> <li>• The Macron plan of a temporary credit line for Iranian oil-sales was conceived in France, but made dependent on US agreement</li> </ul>	<ul style="list-style-type: none"> <li>• The blocking statute is ineffective for MNE's with business in US and EU markets, and does not counter the 'chilling effect' of sanctions</li> <li>• The slow creation and narrowing scope of INSTEX turned it into a symbolic act of resistance</li> <li>• The EIB could not risk its business model</li> <li>• The EU did not pursue the Macron initiative via its own Treasuries and state-owned banks</li> <li>• The EU and E3 refused to support extension of the arms embargo on Iran and disagreed with US claims to have standing under the JCPOA to trigger UN 'snap back' sanctions<sup>50</sup></li> </ul>
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<sup>50</sup> 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 and that Washington 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.

### *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 turnabout on the JCPOA from negotiated compromise to confrontation has so far destabilized the Middle East by choosing polarization 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.

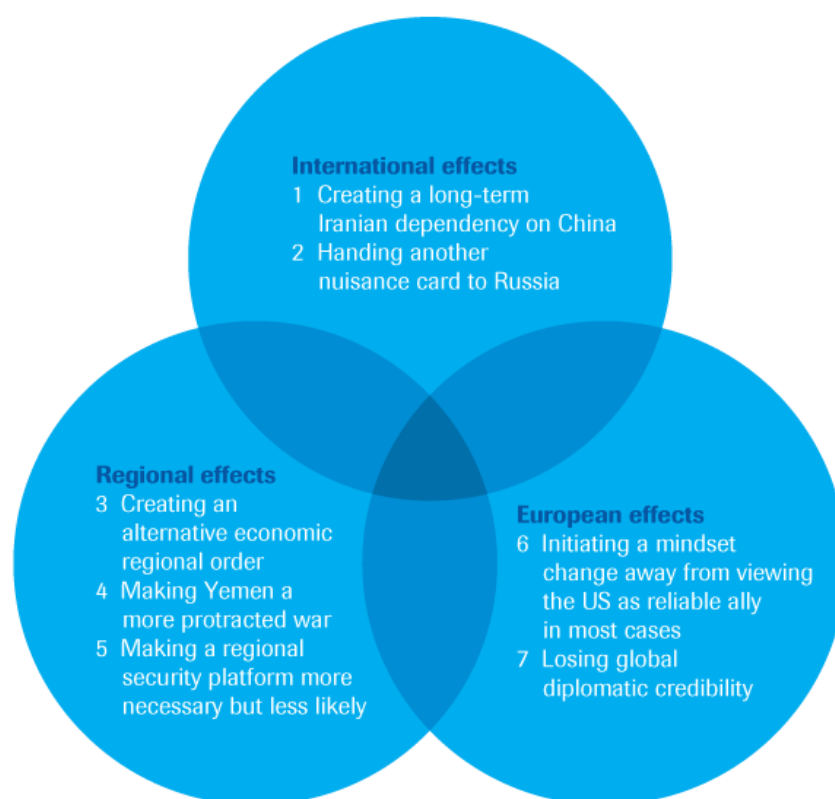
The present status quo is much more harmful to Iran than to the US as the latter's choice of waging economic warfare via sanctions has leveraged Washington's financial dominance of the global economy. There is no short-term alternative to this situation given the difficulty of replacing or duplicating 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.<sup>51</sup>

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<sup>51</sup> 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.

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 at first glance seems attractive due to its low financial and human costs, it has significant effects at the international, regional, European and Iranian levels. These are summarized in Figure 1.

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),<sup>52</sup> Beijing did not initially show an inclination to step fully

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



into this role as indicated by the China National Petroleum Corporation's withdrawal from the development of the South-Pars gas field<sup>53</sup> 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 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 relationship.<sup>54</sup>

If and when this development is institutionalized through a large-scale increase in institutional ties, scholarships, Mandarin/China-study programs 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.<sup>55</sup> With the exception of the development of the port of Chabahar,<sup>56</sup> India is too close to the US to serve as 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 utility 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 own 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

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<sup>53</sup> 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).

<sup>54</sup> Saleh and Yazdanshenas (2020), *op.cit.*; Geranmayeh, E., *A pragmatic partnership: Why China and Iran try to collaborate*, ECFR, 2020, online.

<sup>55</sup> 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.

<sup>56</sup> 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).

networks of businesses as outlet for Iranian commerce.<sup>57</sup> 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 nineteen years of inconclusive warfare. Both Russia and Iran have an interest in prolonging or preventing a US exit. Stories about Taliban bounty hunters hired to go after US soldiers might, for example, proliferate.<sup>58</sup>

**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 United Arab Emirates (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 as well as in 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.<sup>59</sup> This is a significant development given that Turkey opens a window on the world for Iran – especially the European Union - 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.<sup>60</sup> Its globally networked economy offers plenty of opportunities to leverage the 260 kilometers that separate Dubai from

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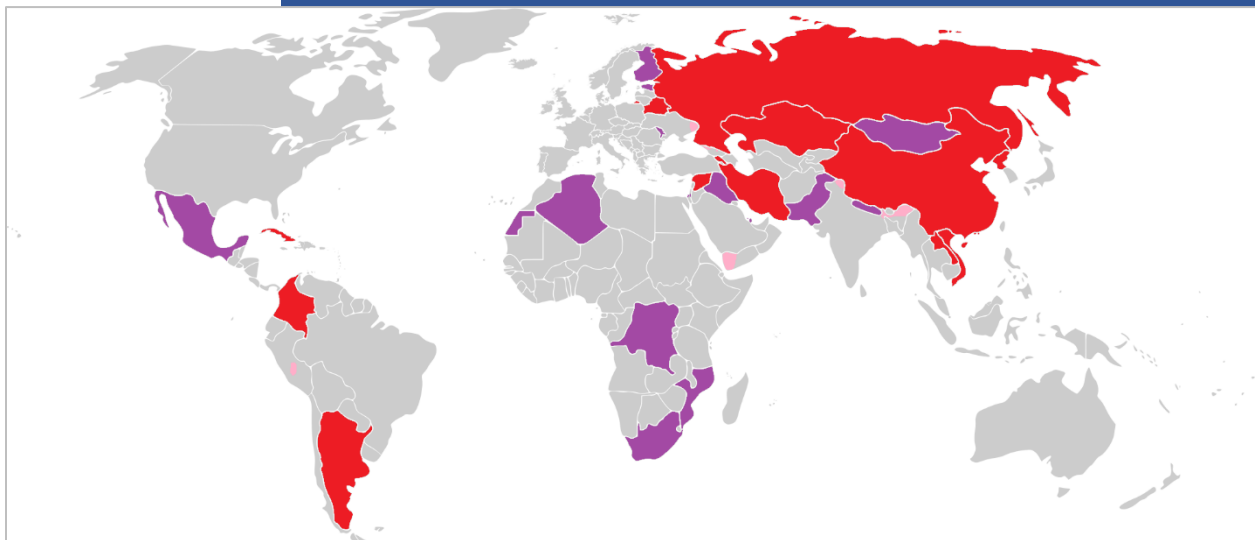
<sup>57</sup> Consider, for example, Russian economic networks in the Western Balkans (Serbia and Montenegro, but also Bulgaria) facilitating access to European markets via the existing Stabilization and Association Agreements (SAA). See: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/western-balkans/>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

<sup>58</sup> 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.

<sup>59</sup> On the recent alignment: Behraves, 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.

<sup>60</sup> 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.

Bandar-e-Abbas.<sup>61</sup> Moreover, the UAE cannot afford to antagonize 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 global logistical center and high-grade investment location. It is therefore not a 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 neighbors and firms for whom ‘Washington is faraway 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.<sup>62</sup>

<sup>61</sup> 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 ca. 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 decentralized economic structure were important sanction busting drivers.

<sup>62</sup> Many media and commentators initially repeated the assertion of the Italian police that the Islamic State is the producer (‘Jihadi Captagon’ sounds good), but this seems unlikely because of the point of shipping and the logistical facilities required suggest

(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 Houthis in Yemen will continue for the cynical reason that it is an effective and low cost manner for Iran to keep the Saudi's 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 U.S-Iranian de-escalation',<sup>63</sup> 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 be possible to stitch one together. The misery that the Saudi intervention caused on top of decades of autocracy and underdevelopment is sure to create instability on its southern border for a long time to come, making the kingdom vulnerable for foreign powers and radical armed groups (like AQAP).

(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 there is no going back to the 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 history. In addition, the strategic security equation of the Middle East has become more complex and more entrenched. The increase in complexity largely arises from Turkey's increasingly assertive posture in its neighborhood (Syria, Kurdistan, Libya and the eastern Mediterranean), which poses a serious policy dilemma to the US. The greater entrenchment results from the new links between the UAE, Israel, 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 adequate to bring a positive cascade about into other regional security issue areas. This means that even a revival of the nuclear deal under a Biden administration is likely have a more focus on Iran's regional posture. Tehran might accept this if its economic needs are sufficiently

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involvement by the Syrian regime or Hezbollah. See also: Reuter, C., *Echte Drogen, falsche Dschihadisten*, Der Spiegel Online, 3 Juli 2020.

<sup>63</sup> International Crisis Group, *Rethinking peace in Yemen*, Brussels: ICG, online, 2020.



dire to threaten the government's hold on power. But to be sustainable, a deal is likely to have to address the security profiles of Saudi Arabia and Israel at a minimum, and perhaps also Iraq, Turkey and the Emirates. This means that regional security can only be enhanced through a regional initiative.<sup>64</sup> Yet, the crescendo of Iranian, American and allied political discourse, their altered threat perception, 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 reliable ally in most cases.* While there was never full EU-US foreign policy alignment and 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 defense efforts because American interest and action in conflicts relevant to Europa can no longer be taken for granted.<sup>65</sup> While such 'emancipatory debate' is in its early stages, it was inconceivable under previous US administrations. In time, it

<sup>64</sup> 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.

<sup>65</sup> AIV, *Europese veiligheid: Tijd voor nieuwe stappen*, Advies No. 112, online, 2020.

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'.<sup>66</sup>

(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.<sup>67</sup> Although the EU is an economic giant with its internal market of ca. 450 million citizens, a strong trade policy and plenty of financial experience, it has not been able to mobilize 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, as well as in the US and EU, of the power plays of armed groups affiliated with Iran in places like Lebanon and Iraq and the divisive effect they have on local governance and political reform.

### *Is it too late to turn the tide?*



The Iranian economy is under strain but not collapsing, anti-government demonstrations have been contained for now and the Iranian state retains control over the domestic means of coercion.<sup>68</sup> Moreover, Iranian influence persists from Beirut to Baghdad. While existing hairline fractures in the pressure vat 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 falls short of its objectives.<sup>69</sup>

<sup>66</sup> For an interesting discussion on early cues: Subotic, S., *A "geopolitical commission" – What's in the Name?*, European Policy Center, online, 2019.

<sup>67</sup> 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) already noted low levels of awareness and relatively negative opinions of the EU's actions in general, as well as in the specific context of its 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, the overall view of the EU seems to remain positive: Devlin, K., *Attitudes toward EU are largely positive, both within Europe and outside it*, Pew Research Center, online, 2019.

<sup>68</sup> Geranmayeh (2020), *op.cit.*

<sup>69</sup> 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.

What has changed though, is that the conservative and radicalist elements of Iran's political elites have been strengthened in the 2020 parliamentary elections and may also carry the presidency in 2021.<sup>70</sup> 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 need to reassert its power – as exemplified in the recent execution of Navid Afkari.<sup>71</sup> 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 influence of its military-security complex (especially the IRGC), as well as 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.

In the short-term, the immediate priority for the EU should be to ease some of the pressure with the aim of reducing Tehran's perceived need for 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 develop its Iran strategy. The most straightforward way for the EU to realize this priority is to deliver large-scale EU 'humanitarian' aid via INSTEX over the months to come 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.

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<sup>70</sup> Fathollah-Nejad (2020), *op.cit.*

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

Once a modicum of stability has been restored, the EU ought to 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 an upgraded INSTEX).<sup>72</sup> This should have appreciably attraction to Iran and Turkey given their sizeable industrial base and is likely to have future attraction to the Gulf countries 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 European Investment Bank respectively. Such an approach leaves essential security matters out of account since these cannot be resolved without US involvement and require a separate track that is 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 security dilemma.

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<sup>72</sup> EBA grants the world's Least Development 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).



# Chapter 2: America's Iran Policy

## Pendulum

*By Ilan Berman*

For the second time in a half-decade, U.S. policy toward Iran is undergoing a profound redefinition, as the Biden administration abandons the “maximum pressure” of the Trump era in favor of a broad effort to reengage the Islamic Republic.

Even before he was elected in November 2020, it was clear that, as president, Joe Biden would pursue a substantially more accommodating approach toward Tehran than his predecessor. For instance, in the spring of 2020, at the start of the global coronavirus outbreak, Biden himself argued that the U.S. government needed to ease sanctions pressure on Iran<sup>73</sup> – even though



the Iranian regime had by then repeatedly turned down offers of humanitarian assistance from the Trump administration.<sup>74</sup> In much the same vein, top foreign policy advisor (now Secretary of State) Antony Blinken indicated that a Biden White House would be willing to resuscitate the 2015 deal over Iran's nuclear program known as the Joint Comprehensive Plan of Action, or JCPOA – including, presumably, reactivating the massive sanctions relief that accompanied the original agreement.<sup>75</sup> Meanwhile, the broad contours of this reengagement was being defined by aligned experts and think tanks, such as the left-leaning Center for a New American Security, which in August of 2020 published what was effectively a blueprint for future talks with Iran.<sup>76</sup>

<sup>73</sup> Bryant Harris, “Intel: Joe Biden uses coronavirus crisis to push for Iran sanctions relief,” *Al-Monitor*, April 2, 2020, <https://www.al-monitor.com/pulse/originals/2020/04/intel-biden-sanctions-relief-iran-coronavirus.html>.

<sup>74</sup> Somayeh Malekian, “Iran rejects coronavirus aid amid conspiracy theories and sanctions,” *ABC News*, March 24, 2020, <https://abcnews.go.com/International/iran-rejects-coronavirus-aid-amid-conspiracy-theories-sanctions/story?id=69775776>.

<sup>75</sup> Matthew Petti, “Will Joe Biden Go Back to the Iran Deal?” *The National Interest*, May 20, 2020, <https://nationalinterest.org/blog/skeptics/will-joe-biden-go-back-iran-deal-156186>.

<sup>76</sup> Ilan Goldenberg, Elisa Catalano Ewers, and Kaleigh Thomas, *Reengaging Iran*, Center for a New American Security, August 2020, [https://s3.amazonaws.com/files.cnas.org/documents/Iran\\_Report-FINAL-v5.pdf?mtime=20200804090707](https://s3.amazonaws.com/files.cnas.org/documents/Iran_Report-FINAL-v5.pdf?mtime=20200804090707).

In turn, once it took office in January 2021, reengagement with Iran became a top priority of the Biden administration’s foreign policy. Almost immediately, Administration principals (including Secretary of State Blinken, Deputy Secretary of State Wendy Sherman, National Security Advisor Jake Sullivan and State Department Special Envoy Rob Malley) embarked upon extensive outreach toward the Iranian government designed to cajole the country’s clerical regime into reentering the 2015 nuclear deal and returning to the diplomatic table. As of this writing, that effort has entailed, among other things: renewed proximity talks between Washington and Tehran, a rollback of key sanctions deemed not to be consistent with the spirit of the 2015 nuclear deal, and a relaxation of American enforcement of those punitive economic measures still in place. Administration officials have waxed optimistic that such steps will, over time, pave the way for a “longer and stronger” deal with Tehran.<sup>77</sup>

Yet it is also an effort that is fraught with peril. The Biden administration’s Iran policy risks undoing the significant leverage that the United States has accumulated vis-à-vis the Iranian regime over the past two years as a result of “maximum pressure.” It likewise risks



missing a crucial opening within Iran itself, where an increasingly disaffected populace is coalescing around an anti-regime consensus that offers a tantalizing glimpse at a post-theocratic future for one of America’s most vexing strategic adversaries.

### *THE LEVERAGE THAT TRUMP BUILT*

The advent of the Trump administration in early 2017 brought with it an earlier sea change in the prevailing U.S. approach to Iran. President Trump’s predecessor, Barack Obama, pivoted away from the broad sanctions pressure of the George W. Bush era toward a more accommodating policy of sustained engagement with Tehran. That policy, launched while Obama was still a candidate

<sup>77</sup> See, for instance, “Blinken says US to seek ‘longer and stronger’ deal with Iran,” *i24 News*, January 19, 2021, <https://www.i24news.tv/en/news/international/1611087752-blinken-says-us-to-see-longer-and-stronger-deal-with-iran>.

for America's highest office,<sup>78</sup> culminated in mid-2015 in the JCPOA. Under the terms of the agreement negotiated with Iran by the U.S. and the other P5+1 powers (the United Kingdom, France, Russia, China and Germany), the Islamic Republic accepted significant – albeit temporary – restrictions on its nuclear development in exchange for massive sanctions relief and a rehabilitation of the Iranian regime's international standing.<sup>79</sup>

Significantly, these steps were pursued by the Obama administration in the face of significant domestic opposition in the U.S.<sup>80</sup> It was predictable, therefore, that Iran policy would emerge as a major point of contention in the 2016 presidential race, with Republican candidate Donald Trump pledging to repudiate the deal and roll back its benefits for the Iranian regime if elected.<sup>81</sup> Once in office, however, it took more than a year for Trump's administration to enact this about-face. It was not until May of 2018 that President Trump formally announced he was withdrawing the United States from the confines and commitments of the 2015 deal.<sup>82</sup> That action, in turn, set the stage for the Administration's "maximum pressure" policy toward the Islamic Republic – an approach which was geared toward curbing the Iranian regime's malign regional behavior and forcing it back to the international negotiating table to conclude a more comprehensive accord that (in the view of the Trump administration) better served American strategic interests.<sup>83</sup>

However, "maximum pressure" met with significant skepticism from the mainstream media and policy elites. Assorted commentators and foreign policy experts argued at the time (and have argued since) that the Trump administration's approach to Iran failed in its objectives, contributed to a deterioration of humanitarian conditions within the Islamic Republic, and intensified the potential for instability in the Middle East.<sup>84</sup> These criticisms were perhaps not surprising, coming

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<sup>78</sup> Michael R. Gordon and Jeff Zeleny, "Obama Envisions New Iran Approach," *New York Times*, November 2, 2007, <https://www.nytimes.com/2007/11/02/us/politics/02obama.html>.

<sup>79</sup> This included hundreds of billions of dollars in direct and indirect economic relief for the Iranian regime, as well as a lessening of multilateral restrictions on foreign commercial business with Iranian companies and entities. See David Rothkopf, "Iran's \$300 Billion Shakedown," *Foreign Policy*, April 16, 2015, <https://foreignpolicy.com/2015/04/16/irans-300-billion-shakedown-sanctions-nuclear-deal/>

<sup>80</sup> A poll conducted by Quinnipiac University in the summer of 2015 found that American voters opposed the agreement by a 2 to 1 margin. "Press release: American Voters Oppose Iran Deal 2-1, Quinnipiac University National Poll Finds; Pope's Climate Change Message Gets Huge Support," Quinnipiac University, August 3, 2015, <https://poll.qu.edu/national/release-detail?ReleaseID=2265>.

<sup>81</sup> "2016 presidential candidates on the Iran nuclear deal," Ballotpedia, n.d., [https://ballotpedia.org/2016\\_presidential\\_candidates\\_on\\_the\\_Iran\\_nuclear\\_deal](https://ballotpedia.org/2016_presidential_candidates_on_the_Iran_nuclear_deal).

<sup>82</sup> White House, "Remarks by President Trump on the Joint Comprehensive Plan of Action," May 8, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-joint-comprehensive-plan-action/>.

<sup>83</sup> Richard Goldberg, "Trump has an Iran Strategy. This Is It," *New York Times*, January 24, 2020, <https://www.nytimes.com/2020/01/24/opinion/trump-iran.html>.

<sup>84</sup> See, for instance, Colin H. Kahl, "This is how easily the U.S. and Iran could blunder into war," *Washington Post*, May 23, 2019, <https://www.washingtonpost.com/outlook/this-is-how-easily-the-us-and-iran-could-blunder-into-war/2019/05/23/40dbbcae-7c07->

as they did against the backdrop of a heated U.S. domestic political cycle – one in which matters of foreign affairs played a more prominent role than in years past.<sup>85</sup> Yet they were and remain inaccurate, because empirical data suggests that “maximum pressure” had a pronounced effect on the Islamic Republic’s internal dynamics, regime stability, and its ability to sponsor and foment regional radicalism.

Most directly, the Trump administration’s campaign of escalating economic and political pressure succeeded in profoundly impacting the Iranian regime’s financial situation. In mid-2020, Iranian officials disclosed that, since the start of 2019, the country’s once-robust oil revenues had declined by more than 90 percent, from around \$100 billion annually to just \$8 billion a year.<sup>86</sup> This declining income reflected a massive cooling of Iran’s oil sector, as skittish clients fearful of the potential consequences of U.S. sanctions increasingly disengaged from the Islamic Republic. Similarly, Iranian officials disclosed at the time that a growing number of the regime’s foreign partners – fearful of running afoul of the United States – were declining to sign new energy deals with Tehran.<sup>87</sup>

Foreign investment in Iran dried up as well, as more and more countries and businesses opted to steer clear of the Islamic Republic rather than risk becoming the target of U.S. sanctions. According to the UN Conference on Trade and Development, for instance, foreign direct investment in Iran declined by 26.5 percent in 2019, and in mid-2020 stood at its lowest level in nearly two decades.<sup>88</sup>



11e9-8ede-f4abf521ef17\_story.html; See also Phillip H. Gordon and Ariane M. Tabatabai, “Trump must ease sanctions against Iran or face a humanitarian catastrophe,” *Washington Post*, March 25, 2020, <https://www.washingtonpost.com/opinions/2020/03/25/trump-must-ease-sanctions-against-iran-or-face-humanitarian-catastrophe/>;

<sup>85</sup> See, for example, Walter Russell Mead, “Trump’s Best Re-Election Bet: Run Against China,” *Wall Street Journal*, April 22, 2020, <https://www.wsj.com/articles/trumps-best-re-election-bet-run-against-china-11587573159>.

<sup>86</sup> Yaghoob Fazeli, “Iran’s oil revenues fell steeply from \$100 bln to \$8 bln in 2019: First VP Jahangiri,” *Al-Arabiya* (Riyadh), June 14, 2020, <https://english.alarabiya.net/en/business/energy/2020/06/14/Iran-s-oil-revenues-fell-steeply-from-100-bln-to-8-bln-in-2019-says-First-VP-Jahan.html>.

<sup>87</sup> “Oil Minister Says Foreign Countries Refusing To Sign Agreements With Iran,” *Radio Farda*, July 20, 2020, <https://en.radiofarda.com/a/oil-minister-says-foreign-countries-refusing-to-sign-agreements-with-iran/30737553.html>.

<sup>88</sup> “Foreign Investment In Iran In 2019 Dropped To Lowest Level In 17 Years,” *Radio Farda*, June 17, 2020, <https://en.radiofarda.com/a/foreign-investment-in-iran-in-2019-dropped-to-lowest-level-in-17-years/30675461.html>.



These factors, in turn, precipitated a full-on collapse of Iran’s national currency. Last summer, the Iranian rial – which traded at 79 to the U.S. dollar at the time of the 1979 Revolution – plummeted to its lowest rate in the Islamic Republic’s 41-year history (260,000 to \$1).<sup>89</sup> So steep was this decline that, despite the regime’s ongoing economic crisis, the country’s Central Bank had been forced by August 2020 to spend some \$2.5 billion to stabilize the failing currency.<sup>90</sup>

As a result, the Iranian regime had no choice but to eat into its savings to stay solvent. Even prior to the coronavirus, the prestigious Institute for International Finance had projected that Iran’s foreign exchange reserves – which had been estimated at more than \$100 billion in 2019 – would dip to some \$73 billion in the first half of 2020, and at the regime’s then-current rate of consumption total just \$20 billion by March 2023.<sup>91</sup> With the outbreak of the global pandemic, that trajectory became steeper still, as Iran’s regime was forced to further deplete already-scant funds in order to address a national health crisis of truly immense proportions.<sup>92</sup>

Thus, upon its inauguration, the Biden administration inherited an Iran policy that had already succeeded in significantly weakening the Iranian regime – and which could have been ratcheted up still further if the new White House had chosen to do so. Instead, the new Administration set about dismantling the elaborate architecture of sanctions and economic pressure that had been painstakingly erected against the Islamic Republic over the preceding quarter-century by successive administrations. Despite its initial pledges to delay sanctions relief until Iran’s reentry into the JCPOA,<sup>93</sup> the Administration has provided sanctions relief “in effect” by relaxing its enforcement of existing economic restrictions – a move that has spurred foreign companies and countries to begin to reengage with the Islamic Republic.<sup>94</sup> It has also signaled that it is prepared

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<sup>89</sup> “Devaluation of Iran’s Currency Accelerates With Dollar Hitting 260,000 Rials,” *Radio Farda*, July 19, 2020, <https://en.radiofarda.com/a/devaluation-of-iran-s-currency-accelerates-with-dollar-hitting-260-000-rials/30735734.html>.

<sup>90</sup> “Iran’s Rial Regaining Value As Central Bank Injects \$2.5 Billion Into Market,” *Radio Farda*, August 10, 2020, <https://en.radiofarda.com/a/iran-s-rial-regaining-value-as-central-bank-injects-2-5-billion-into-market/30775559.html>.

<sup>91</sup> Davide Barbuscia, “Iran recession to deepen, reserves to fall to \$73 billion by March: IIF,” Reuters, January 15, 2020, <https://www.reuters.com/article/us-iran-economy-iif/iran-recession-to-deepen-reserves-to-fall-to-73-billion-by-march-iif-idUSKBN1ZE139>.

<sup>92</sup> In mid-July 2020, Iranian president Hassan Rouhani gave a public address in which he disclosed publicly that, according to internal Iranian government tallies, as many as 25 million people – or close to one-third of the nation’s population of nearly 85 million – had by then been infected with COVID-19, with some 70,000 dying of the disease. Zachary Halaschak, “Iran’s president says 25M caught coronavirus in nearly hundredfold jump from official numbers,” *Washington Examiner*, July 18, 2020, <https://www.washingtonexaminer.com/news/irans-president-says-25m-caught-coronavirus-in-nearly-hundredfold-jump-from-official-numbers>.

<sup>93</sup> See, for instance, Michael Lipin, “US Sanctions on Iran to Remain, Blinken Says,” *Voice of America*, January 27, 2021, <https://www.voanews.com/middle-east/voa-news-iran/us-sanctions-iran-remain-blinken-says>.

<sup>94</sup> See, for instance, “IntelBrief: Maximum Pressure on Iran Begins to Relax,” Soufan Center *IntelBrief*, March 23, 2021, <https://thesoufancenter.org/intelbrief-2021-march-23/>.

to offer Tehran sanctions relief far beyond that related to just its nuclear program, potentially waiving any punitive measures it deems “inconsistent” with the spirit of the JCPOA.<sup>95</sup>

For its part, the Iranian regime has worked assiduously to rebuild its leverage over the United States. It has done so via a series of steps – from further enrichment of uranium above permitted levels to aggressive military maneuvers by its forces and regional proxies throughout the Persian Gulf.<sup>96</sup> These and other steps are designed to signal in no uncertain terms to the United States and its partners that the consequences of not striking a new diplomatic bargain between Tehran and the West potentially will be dire.



<sup>95</sup> U.S. Department of State, Office of the Spokesperson, “Briefing with Senior State Department Official on Ongoing U.S. Engagement in Vienna Regarding the JCPOA,” May 6, 2021, <https://www.state.gov/briefing-with-senior-state-department-official-on-ongoing-u-s-engagement-in-vienna-regarding-the-jcpoa/>.

<sup>96</sup> Ilan Berman, “How Iran Is Building Leverage Over Biden,” *Al-Hurra Digital*, January 9, 2021, <http://www.ilanberman.com/24992/how-iran-is-building-leverage-over-biden>.

### *AN INCREASINGLY DISAFFECTED POPULACE*

Since December of 2017, the Iranian regime has faced the longest sustained period of grassroots opposition to its legitimacy since the Islamic Revolution of 1979. While more modest in scope than the summer 2009 protests that accompanied the fraudulent reelection of Mahmoud Ahmadinejad (an opposition wave that came to be known at the “Green Movement”), they have proven both more durable and more broad-based. Strikes, marches and other forms of opposition activism involving practically every stratum of Iranian society sporadically take place in Tehran and other major cities in spite of extensive regime repression.<sup>97</sup>

The Iranian leadership was provided a temporary reprieve by the onset of the global coronavirus crisis, which limited gatherings and allowed the regime to take greater control of the Iranian “street.” However, popular ferment reemerged with a vengeance in recent months. Ordinary Iranians rallied throughout the country against the social malaise, economic decline and official corruption that has come to typify life under the Islamic Republic. Increasingly, moreover, these protests reflect a more fundamental rejection of the regime itself. For instance, a February 2021 poll of over 20,000 Iranians in 31 provinces carried out by the Netherlands-based by GAMAAN institute found that some 53 percent of respondents self-identified as outright proponents of regime change, while an additional 26 percent supported “structural transformation and transition away from the Islamic Republic.” By contrast, merely a fifth (21 percent) of those polled expressed support for the principles undergirding the Ayatollah Ruhollah Khomeini’s Islamic Revolution, or said they preferred to work within the current system in order to amend it.<sup>98</sup>

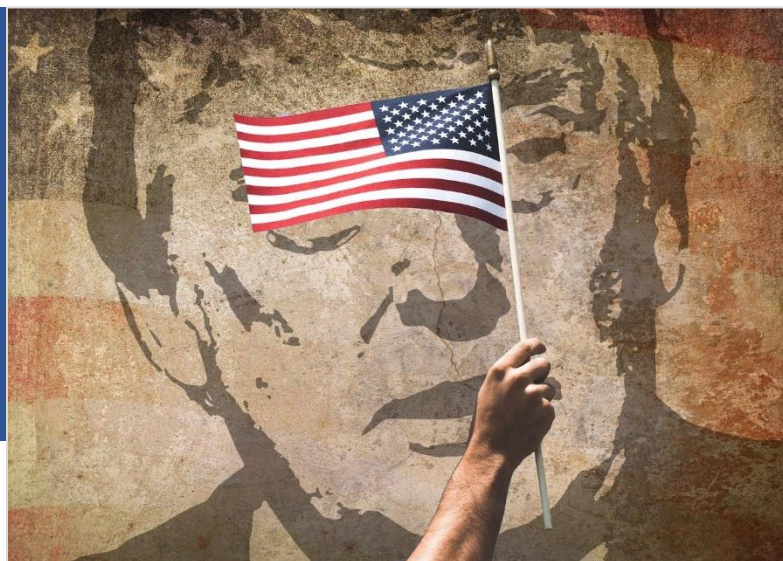
Those results are striking. They underscore that – contrary to the prevailing wisdom in Washington and Western capitals – there is in fact no existential contest between “hardliners” and “reformists” that can be influenced in favor of the latter through sustained diplomatic engagement. Rather, the true fault line in contemporary Iran lies between the regime and those who are ruled by it. The former seeks to preserve the Khomeini’s repressive ideological system of velayat e-faqih (Guardianship of the Jurisprudent). The latter is increasingly prepared to repudiate it outright.

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<sup>97</sup> See, for instance, “Special Report: Iran’s leader ordered crackdown on unrest – ‘Do whatever it takes to end it,’” Reuters, December 23, 2019, <https://www.reuters.com/article/us-iran-protests-specialreport-idUSKBN1YR0QR>.

<sup>98</sup> Ammar Maleki, “Iranians’ Attitudes Toward Media: A 2021 Survey Report,” GAMAAN, March 2021, 12, <https://gamaan.org/wp-content/uploads/2021/04/GAMAAN-Iran-Media-Survey-2021-English-Final.pdf>.

It is a reality that Iran's leaders understand well. In the most recent Iranian elections, which took place in June of 2021, the regime took great pains to stage manage the ascension of a regime stalwart: former judiciary head Ebrahim Raisi.<sup>99</sup> Notably, the election saw the lowest turnout of any political contest in the Islamic Republic's more-than-four-decade history, with Iranian voters expressing their opposition to the system by staying home or by casting irregular or blank ballots.<sup>100</sup> Raisi's inevitable selection thus represented a consolidation of power by Iran's clerical elite around a figure in line with the regime's ideological precepts – and who is now positioned to take over the mantle of Supreme Leader once the Ayatollah Ali Khamenei leaves the scene. As Karim Sadjadpour of the Carnegie Endowment for International Peace has put it, the Iranian regime has simply “stopped pretending” that it is anything other than what it is: a repressive, consolidated theocracy.<sup>101</sup>



Iran's disparate opposition forces, meanwhile, have begun to coalesce around a shared rejection of the regime. Beginning this spring, a new civic campaign, known as “No to the Islamic Republic,” emerged among opposition elements both inside and outside the country.<sup>102</sup> The effort is notable in that it has

unified Iran's ordinarily fractious opposition groups and ideological currents behind a common vision: one that fundamentally rejects the country's current, clerical system of government and the unaccountable ayatollahs who administer it.

<sup>99</sup> Ahead of the election, nearly 600 hopefuls filed papers to formally run for the Iranian presidency. However, all but seven were disqualified by the Guardian Council, the Islamic Republic's constitutional vetting body. By election day, another three had dropped out of the race, making Raisi's election a virtual certainty even before Iranians cast their ballots. See “Iranian presidential race narrows as more candidates drop out at last minute,” *TRT World*, June 16, 2021, <https://www.trtworld.com/middle-east/iran-presidential-race-narrows-as-more-candidates-drop-out-last-minute-47578>.

<sup>100</sup> “As Raisi Wins Iran Vote, ‘Void And Blank Ballots’ Come In Second Place,” *Iran International*, June 19, 2021, <https://iranintl.com/en/iran/raisi-wins-iran-vote-void-and-blank-ballots-come-second-place>.

<sup>101</sup> Karim Sadjadpour, “Iran Stops Pretending,” *The Atlantic*, June 20, 2021, <https://www.theatlantic.com/ideas/archive/2021/06/iran-president-raisi-biden/619252/>.

<sup>102</sup> “No to the Islamic Republic’: Opposition Inside, Outside Iran Rally Together To Oust Regime,” *The Foreign Desk*, March 11, 2021, <https://www.foreigndesknews.com/middle-east/iran/no-to-the-islamic-republic-iranian-opposition-inside-outside-iran-rally-together-to-oust-regime/>.



To its credit, the Trump administration recognized the dynamic nature of Iran’s internal political scene during its time in office. Admittedly, human rights did not figure specifically in the “twelve points” laid out by Secretary of State Mike Pompeo in May 2018 as prerequisites for a normalization of relations between Washington and Tehran.<sup>103</sup> In practice, however, the Trump administration made internal conditions within Iran a major focus of its policy, with the State Department placing significant emphasis on engagement with Iranian opposition elements and shining sustained attention on the Iranian regime’s internal abuses.<sup>104</sup>

The Biden administration, by contrast, has de-emphasized engagement these initiatives in favor of renewed dialogue with the country’s clerical regime. Like the Obama administration before it, the Biden White House has systematically deprioritized the plight of the Iranian people in its pursuit of some sort of official diplomatic bargain with Tehran. In doing so, however, the Administration has chosen the country’s aging clerical regime over its young and westward-looking population. That, in turn, could end up being a fateful decision – one that robs the United States of meaningful ability to shape the future of one of the world’s most important nations in the years ahead.

#### *AN ENDURING TRANSATLANTIC DIVIDE*

Despite its positive track record, “maximum pressure” was widely seen as a unilateral, rather than a collaborative, strategy. While in the Middle East, the Trump administration’s escalating campaign of political and economic pressure on the Islamic Republic garnered support from regional states concerned over Iran’s regional activism and its increasingly mature nuclear capabilities,<sup>105</sup> the European reaction to it was uniformly negative. European leaders decried President Trump’s withdrawal from the JCPOA as an abandonment of America’s international commitments and a blow to international stability. They also actively worked to preserve the terms of the agreement and to dilute the effectiveness of American policy, including by erecting a barter trade mechanism (known as INSTEX) that would permit them to continue doing business with the Islamic Republic despite U.S. pressure.<sup>106</sup>

<sup>103</sup> Mike Pompeo, “After the Deal: A New Iran Strategy,” Remarks before the Heritage Foundation, May 21, 2018, <https://www.heritage.org/defense/event/after-the-deal-new-iran-strategy>.

<sup>104</sup> Mora Namdar, “The Human Rights Element of Iran Policy,” *The National Interest*, March 22, 2021, <https://nationalinterest.org/blog/buzz/human-rights-element-iran-policy-180860>.

<sup>105</sup> See, for instance, “Saudi minister says maximum pressure only way to get Iran to negotiate,” Reuters, October 24, 2019, <https://www.reuters.com/article/us-usa-iran-saudi/saudi-minister-says-maximum-pressure-only-way-to-get-iran-to-negotiate-idUSKBN1X30XM>.

<sup>106</sup> See, for instance, Laurence Norman, “EU Ramps Up Trade System With Iran Despite U.S. Threats,” *Wall Street Journal*, March 31, 2020, <https://www.wsj.com/articles/eu-ramps-up-trade-system-with-iran-despite-u-s-threats-11585661594>.



This divergence was, without a doubt, exacerbated by the broader political distance between the U.S. and Europe. During his time in office, President Trump's more confrontational stance toward the NATO alliance, political tensions with continental luminaries (like German chancellor Angela



Merkel), and his Administration's broader penchant for international disengagement significantly frayed U.S.-European ties. In turn, these disagreements played a role in limiting cooperation between the United States and Europe on the subject of Iran. Thus, the Trump administration's August 2020 effort to extend the United Nations arms embargo on Iran – a position broadly consistent in principle with European attitudes – proved unsuccessful, undermined not only by Russia and China (both of which serve as major Iranian strategic partners) but also by European nations increasingly unwilling to abide by or comply with U.S. policy.

By contrast, the Biden administration's approach has garnered plaudits from European officials, who have tried to goad the White House into accelerating its existing reengagement with the Islamic Republic still further.<sup>107</sup> Their eagerness is understandable, given that European officials are far more invested in preserving the JCPOA as a matter of both diplomacy and international credibility.<sup>108</sup> Economic considerations also play a significant role; while the United States engages in only minimal trade with the Islamic Republic, Europe does far more. Even though the advent of "maximum pressure" led to an appreciable decline in the overall volume of trade between the EU and Iran, at the end of the Trump administration the EU still accounted for close to 20 percent of the Islamic Republic's external trade.<sup>109</sup> Over time, continuing business with Iran (and

<sup>107</sup> Colum Lynch, "Europeans Fear Iran Nuclear Window Closing," *Foreign Policy*, March 26, 2021, <https://foreignpolicy.com/2021/03/26/europe-us-biden-iran-nuclear-deal-lift-sanctions/>.

<sup>108</sup> Council of the European Union, "Declaration of the High Representative on behalf of the EU following US President Trump's announcement on the Iran nuclear deal (JCPOA)," May 9, 2018, <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/>.

<sup>109</sup> European Commission, "Iran," n.d., <https://ec.europa.eu/trade/policy/countries-and-regions/countries/iran/>.

the potential for more commerce in the future) has helped to make the continent's companies – and even its governments – stakeholders of sorts in the Iranian regime's continued solvency.

Europe, then, remains enduringly committed to engagement with Iran. In contrast to the Trump era, that is now a view also shared by the United States. This tactical convergence, however, masks more fundamental differences in the American and European approaches toward the Islamic Republic.

The longstanding (and bipartisan) American perception of Iran is that of a revisionist power, one whose destabilizing regional activities need to be limited, its support of radical non-state proxies curtailed, and its persistent pursuit of weapons of mass destruction blunted. Simply put, irrespective of administration, the United States views Iran under its current, clerical government as a source of instability in the Middle East, and a threat to its allies in the region and American interests there. Where various administrations have differed is in their preferred approach to dealing with that problem, with some (like George W. Bush and Donald Trump) preferring broad sanctions pressure and others (Obama and now Biden) opting to proffer inducements to Tehran for a change in behavior.

Europe, by contrast, by and large sees Iran as a long-term problem to be managed. There is little discernable appetite on the continent for discussions of regime change within Iran, and significant desire – at least at the corporate and governmental levels – to return to normal political and trade



relations with Tehran. While the “grand bargain” with Iran envisioned a over a decade ago by the E3 nations has not come to pass, the premise that undergirded those discussions continues to animate Europe's approach to Iran. That approach has minimized critical attention to the Iranian

regime's radical ideology, repressive domestic behavior, and regional troublemaking in favor of broad diplomatic and political engagement.

While it may have temporarily receded as a result of the Biden administration's current reconfiguration of U.S. Iran policy, this fundamental disconnect will endure, and remain an irritant in relations between the United States and Europe for the foreseeable future. And, in time, the advent of a new administration in Washington and the ascent of substantially different views of Iran will invariably lead the American policy pendulum to swing back once more.

## Chapter 3: Reorienting Iranian-American Hostility: *A Pathology of Perception*

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The global outbreak of the coronavirus pandemic<sup>110</sup> did not pause the escalation of tension between the United States and Iran. Only a month after the two countries found themselves on the precipice of war after the U.S. targeted killing of Iran's Islamic Revolutionary Guard Corps Quds Force Commander, Major General Qassem Soleimani, the two countries were back on a collision course.<sup>111</sup> In August, following an unprecedented failure at the Security Council to extend a 2007 UN arms embargo on Tehran, the Trump administration vowed to trigger the Iran nuclear deal's "snapback mechanism" that would reinstate all nullified UNSC sanctions against Iran. A great deal depends on the Islamic Republic's reaction to this provocative move.

In late February 2020, U.S. military forces were massing<sup>112</sup> in the Persian Gulf, with more than 300 combat aircraft, 30 ships, including two aircraft carriers, and personnel numbering about 35,000 sailors, soldiers, Marines and airmen. By late April 2020, President Donald J. Trump declared<sup>113</sup> that he had instructed the Navy to sink any Iranian fast boats that "harass our ships at sea." Iran was claiming the near intrusions of U.S. combat aircraft into their airspace could provoke an incident. Trump was forced to allow the realignment of forces, however, given rising threats from China and North Korea and the impact of Covid on U.S. military readiness. The pandemic's devastating impact<sup>114</sup> at home likewise redirected the president's attention.

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<sup>110</sup> Corona Virus Cases Surge in the US and Europe, New York Times: March 5, 2020 <https://www.nytimes.com/2020/03/05/world/coronavirus-live-updates.html>

<sup>111</sup> Donald Trump vows 'snapback' over humiliating UN defeat on Iran arms embargo, The Guardian: August 16, 2020 <https://www.theguardian.com/world/2020/aug/15/iran-calls-us-defeat-over-un-arms-embargo-a-humiliation>

<sup>112</sup> U.S. Strength in the Persian Gulf, Washington Post: February 24, 2020 <https://www.washingtonpost.com/wp-srv/inat/longterm/iraq/military/usstrength.htm>

<sup>113</sup> David Sagner, Helene Cooper, Eric Schmidt, "Tehran Launches Military Satellite as Trump Tells Navy to 'Shoot Down' Iranian Boats," New York Times: November 27, 2020 <https://www.nytimes.com/2020/04/22/world/middleeast/iran-trump-navy-persian-gulf-satellite.html?>

<sup>114</sup> Ed Yong, "How the Pandemic Defeated America," The Atlantic: August 4, 2020 <https://www.theatlantic.com/magazine/archive/2020/09/coronavirus-american-failure/614191/>

Then came a recent series of mysterious fires<sup>115</sup> and explosions at sensitive<sup>116</sup> Iranian installations associated with defense industries and uranium enrichment; incidents that could suggest a less than subtle message in an escalation of brinksmanship if foreign culpability is corroborated, which seems to be the case with the



Natanz blast at least, according to some Iranian security officials?. But whatever goals of deterrence or pressure such actions were expected to achieve in changing Iranian behavior were recently answered in Supreme Leader Ali Khamenei's Eid al-Adha remarks. Khamenei dismissed any engagement with Trump or flexibility concerning Iran's nuclear program and reaffirmed the importance of Tehran's relationships with regional militant groups. Moreover, in a further reflection of the Iranian hardliner's current clout, Khamenei insisted on the need for Iran to achieve economic self-sufficiency so as to deflect the threat from sanctions.

Back in 2015, when the adversaries approved the multilateral Iran nuclear deal, officially known as the Joint Comprehensive Plan of Action (JCPOA), a better course seemed possible. Within a year, the Islamic Republic had shipped out 97 percent<sup>117</sup> of its stockpile of nuclear fuel. Decades of mutual distrust littered the way with pitfalls and obstacles—and then came the Trump administration which unilaterally scrapped the nuclear agreement in May 2018, trading its promises for a campaign of “maximum pressure” against Iran: tough talk, sanctions, confrontation, and even a targeted killing were to follow

<sup>115</sup> Jiyar Gol, “Iran blasts: What is behind mysterious fires at key sites?”, BBC: 6 July 2020, <https://www.bbc.co.uk/news/world-middle-east-53305940>

<sup>116</sup> Jack Detsch, Robbie Gramer, Dan Haverty, “Why Are Mysterious Fires Still Burning in Iran?”, FP: July 16, 2020 <https://foreignpolicy.com/2020/07/16/why-mysterious-fires-still-burning-iran-sabotage-ships-bushehr-port-natanz/>

<sup>117</sup> William Broad, “Iran Crosses a Key Threshold: It Again Has Sufficient Fuel for a Bomb,” New York Times: March 3, 2020, <https://www.nytimes.com/2020/03/03/world/middleeast/iran-nuclear-weapon-trump.html>



Now the International Atomic Energy Agency (IAEA) reports indicate<sup>118</sup> that Tehran has augmented its low-enriched uranium reserves over fivefold from less than 300 kilograms authorized by the JCPOA to over 1,572 kg in August 2020. According to the agency, Iran has also stonewalled<sup>119</sup> inquiries about three<sup>120</sup> “possible undeclared nuclear” sites where sensitive activities might have taken place surreptitiously. The U.S. “maximum pressure” campaign against Tehran, and the latter’s nuclear defiance<sup>121</sup> in retaliation, are pulling the two countries toward crisis.

The calculus is simple. So long as U.S. pressure persists unabated, Iran will persist<sup>122</sup> in its own campaign of pressure, characterized by incremental nuclear noncompliance, among other countermeasures—up to the point at which military action becomes the only conceivable means of stopping the birth of a new nuclear-weapons state. In fact, the Islamic Republic’s “maximum resistance” against the United States’ “maximum pressure” ultimately aims at compelling<sup>123</sup> Washington to make a fateful choice between war and peace. Iran is hoping—but not betting—that the United States will opt for the latter while it is bracing itself for the worst.

Unfortunately for Iran’s calculus, the reality is that Trump and U.S. Secretary of State Mike Pompeo are convinced<sup>124</sup> they are winning. In fact, they believe the Iranian autocratic rulers’ resolve is weakening given the economic impact of sanctions and American willingness to exact a high price in the event of further provocations as reflected by the Soleimani strike.

Trump and Pompeo got it wrong. And while it’s possible U.S. intelligence community experts missed it, far more likely is the reality that the White House refused to accept views that did not

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<sup>118</sup> Jonathan Tirone, “Iran to Boost Nuclear Fuel Production at Plant Hit by Blast,” Bloomberg: August 13, 2020 <https://www.bloombergquint.com/business/iran-enhances-blast-hit-nuclear-plant-as-top-inspector-in-tehran>

<sup>119</sup> Francois Murphy, John Irish. “UN Nuclear Watchdog admonishes Iran for denying access to two sites,” Reuters: March 3, 2020 <https://www.reuters.com/article/us-iran-nuclear-iaea/u-n-nuclear-watchdog-admonishes-iran-for-denying-access-to-two-sites-idUSKBN20Q1UE>

<sup>120</sup> “UN watchdog: Iran has 3 possible undeclared nuclear sites,” AP: March 3, 2020, <https://www.businessinsider.com/un-watchdog-iran-has-3-possible-undeclared-nuclear-sites-2020-3?r=US&IR=T>

<sup>121</sup> Behraves, M. State revisionism and ontological (in)security in international politics: the complicated case of Iran and its nuclear behavior. *J Int Relat Dev* 21, 836–857 (2018). <https://doi.org/10.1057/s41268-018-0149-x>

<sup>122</sup> Behraves, M. “Why Iran Will Keep Defying US and EU Pressure,” Middle East Institute: January 22, 2020, <https://www.mei.edu/publications/why-iran-will-keep-defying-us-and-eu-pressure>

<sup>123</sup> On the terms of the term compellence, please see: <https://www.britannica.com/topic/compellence>

<sup>124</sup> “Trump promises ‘snapback’ to force return of UN Iran sanctions,” France 24: August 16, 2020, <https://www.france24.com/en/20200816-trump-promises-snapback-to-force-return-of-un-iran-sanctions>

align with Trump's, as has been the case<sup>125</sup> throughout this presidency. As a result, the U.S. administration confronting this combustible state of affairs has constrained the independence of its intelligence community, the very part of the state best situated to help avoid a catastrophic misjudgment. Between the Attorney General's investigation into the basis for the intelligence community's assessment<sup>126</sup> that Russia tried to help Donald Trump win the election in 2016, the housecleaning<sup>127</sup> at the Office of the Director of National Intelligence (ODNI) and across<sup>128</sup> the community to purge<sup>129</sup> perceived "deep staters," and the mass firing of Inspector Generals, there's less appetite to speak truth to power.

To speak then of removing the institutionalized<sup>130</sup> hostility between Tehran and Washington would be unrealistic at this point. Starting when the United States withdrew from the nuclear deal, and intensifying when it ordered the targeted killing<sup>131</sup> of Major General Qassem Soleimani, Iran's most prominent military leader, the two countries have come to perceive each other as ever more implacable threats. Even if presumptive Democratic candidate Vice President Joe Biden assumes power in 2020 and pursues diplomacy with the Islamic Republic, a good deal of time and effort will be needed<sup>132</sup> on both sides to undo what the Trump administration has done<sup>133</sup> since 2017.

And yet, to reorient the two countries toward de-escalation is arguably realistic and even vital. The alternative is a spiral of enmity that will end in collision. To escape that spiral requires the best kind of intelligence: that which offers a clear understanding, from an intelligence perspective in particular, of how each side perceives the threats it confronts and the choices it faces.

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<sup>125</sup> Robert Draper, "Unwanted Truths: Inside Trump's Battles With U.S. Intelligence Agencies," New York Times: August 8, 2020, <https://www.nytimes.com/2020/08/08/magazine/us-russia-intelligence.html>

<sup>126</sup> Zachary Cohen, Manu Raju, "Intel officials tell Congress that Russia is spreading false information about Biden," CNN: August 7, 2020, <https://edition.cnn.com/2020/08/07/politics/us-intelligence-russia-election-interference-biden/index.html>

<sup>127</sup> Ken Dilanian, "Top Democrat accuses Trump of 'purging' the intelligence community," NBC News: April 9, 2020 <https://news.yahoo.com/top-democrat-accuses-trump-purging-193411277.html>

<sup>128</sup> Adam Goldman, Julian Barnes, Nicholas Fandos, "Richard Grenell Begins Overhauling Intelligence Office, Prompting Fears of Partisanship," New York Times: February 21, 2020, <https://www.seattletimes.com/nation-world/nation-politics/richard-grenell-begins-overhauling-intelligence-office-prompting-fears-of-partisanship/>

<sup>129</sup> David Ignatius, "The Trump administration adds to its purge of professionals," The Washington Post: March 18, 2020, <https://www.washingtonpost.com/opinions/2020/03/18/trump-administration-makes-another-disruptive-shake-up-intelligence-community/>

<sup>130</sup> Trita Parsi, *Losing an Enemy: Obama, Iran, and the Triumph of Diplomacy*. New Haven, CT: Yale University Press: 2017

<sup>131</sup> Maysam Behraves, "Soleimani Was More Valuable in Politics Than in War," Foreign Affairs: January 8, 2020, <https://www.foreignaffairs.com/articles/iran/2020-01-08/soleimani-was-more-valuable-politics-war>

<sup>132</sup> Hamidreza Azizi, Maysam Behraves, "Why an Iran-U.S. Detente Could Still Occur Under Joe Biden," National Interest: August 11, 2020, <https://nationalinterest.org/feature/why-iran-us-detente-could-still-occur-under-joe-biden-166637>

<sup>133</sup> Maysam Behraves, "Forty years on, is it make or break for the Islamic Republic?," Le Monde Diplomatique: 11 February 2019, <https://mondediplo.com/openpage/forty-years-on-iran>

### *A Pathology of Perception*

Intelligence work does not consist solely, or even primarily, in uncovering facts. Rather, an analyst must learn to view the world through the eyes of his or her target. For an intelligence analyst, reality is often what the other side makes of it. An assessment is as good as the intelligence upon which it is based—



but only as useful as the perceptual lens through which it is viewed. Penetrating the subject's understanding of developments allows the analyst to predict—and hence, to prevent or promote—the subject's actions.

The United States and the Islamic Republic of Iran both have a depth of experience and expertise within their intelligence services on one another. Each side has arguably suffered from the consequences of politicization<sup>134</sup> and personalization in terms of providing biased and inaccurate assessments to their leaders who are disinclined to place national over personal and group interests. In fact, the current decision makers in Tehran and Washington are not well disposed to alternative outlooks that challenge their point of view in the best of times, but with U.S. presidential elections in November and Iran's in May 2021, courageous departures from their chosen paths appear even less likely.

While Joe Biden's possible electoral victory might reverse this trend in Washington, the unstable situation in Tehran sounds much more complicated for the foreseeable future. With increasing harmonization and homogenization<sup>135</sup> of Iranian system of governance under what appears to be an incremental hardline takeover in response to growing external and internal challenges to the

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<sup>134</sup> Michael Morell, Avril Haines, David Cohen, "Trump's Politicization of U.S. Intelligence Agencies Could End in Disaster," Foreign Policy: April 28, 2020 <https://foreignpolicy.com/2020/04/28/trump-cia-intimidation-politicization-us-intelligence-agencies-could-end-in-disaster/>

<sup>135</sup> Maysam Behraves, "Corruption Is a Job Qualification in Today's Iran," Foreign Policy: June 26, 2020, <https://foreignpolicy.com/2020/06/26/corruption-is-a-job-qualification-in-todays-iran/>

establishment, Iran is expected to treat a Democratic US administration with maximum skepticism<sup>136</sup> even as it embraces any opportunity for sanctions relief. The unprecedented erosion of hope for the plausibility of concurrent rapprochement (with the West) and preservation (of the Islamic Republic “as is”) following the perceived failure of the JCPOA to reduce mutual hostilities is gaining so much traction within the top Iranian leadership that Tehran seems to be taking a strategic leap towards the East. Reinvigorated efforts to upgrade Iran’s “strategic partnerships” with Russia and particularly China as part of its “Look East” policy reflect this West-weary attitude quite well. Given the Rouhani administration’s well-documented<sup>137</sup> preference of the West to the East — which will likely change under a hardline president — it is no wonder that Khamenei himself has taken on the mantle of integrating Iran into an emerging<sup>138</sup> Chinese order.

The Trump administration overrode the U.S. intelligence community’s assessments of Iranian motivations and likely actions when it withdrew from the nuclear agreement. Two years later, Trump and Pompeo have managed to convince themselves that they are winning, despite all the evidence to the contrary including the fulfillment of none of the latter’s 12 demands,<sup>139</sup> as they keep validating their chosen path and effectively bullying the U.S. Intelligence Community into confirming it. Trump and Pompeo insisted this was a necessary step toward securing a “better deal” that would address not just the nuclear controversy but also other components of Iranian foreign policy that Washington perceived as “destabilizing”<sup>140</sup> or “malign.” The Trump White House reasoned that Iran’s nuclear commitments were indivisible from its broader international behavior, and thus arguing that Iran had betrayed the accord’s underpinning “spirit”<sup>141</sup>—even though the U.S. intelligence community confirmed that Tehran was complying<sup>142</sup> with the agreement in good faith.

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<sup>136</sup> Op. Cit. Azizi and Behravesh (2020), <https://nationalinterest.org/feature/why-iran-us-detente-could-still-occur-under-joe-biden-166637>

<sup>137</sup> Rohollah Faghihi, “Despite Public Outcry, Consensus Builds For China-Iran Deal,” *Bourse & Bazaar*: August 11, 2020, <https://www.bourseandbazaar.com/articles/2020/8/11/despite-public-outcry-consensus-builds-for-china-iran-deal>

<sup>138</sup> Hal Brands, Jake Sullivan, “China has two paths to Global Domination,” *Foreign Policy*: May 22, 2020, <https://foreignpolicy.com/2020/05/22/china-superpower-two-paths-global-domination-cold-war/>

<sup>139</sup> Noah Annan, Pompeo adds human rights to twelve demands for Iran, *Atlantic Council*: October 23, 2018, <https://www.atlanticcouncil.org/blogs/iransource/pompeo-adds-human-rights-to-twelve-demands-for-iran/>

<sup>140</sup> Afshon Ostovar, “Why It’s Tough to Get Tough on Iran,” *Foreign Affairs*: October 25, 2017, <https://www.foreignaffairs.com/articles/iran/2017-10-25/why-its-tough-get-tough-iran>

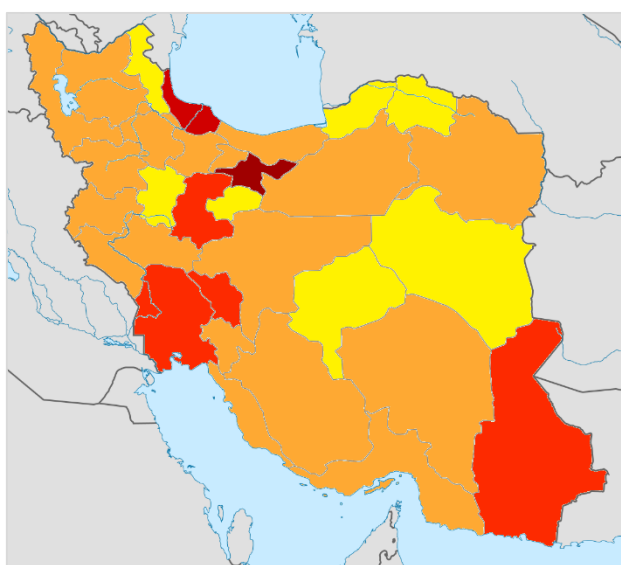
<sup>141</sup> “Trump says Iran is violating ‘spirit’ of Iran nuclear deal,” *Reuters*: September 14, 2017, <https://www.reuters.com/article/us-iran-nuclear-trump/trump-says-iran-is-violating-spirit-of-iran-nuclear-deal-idUSKCN1BP2UZ>

<sup>142</sup> Shannon Vavra, Intelligence chiefs undercut Trump on Iran nuclear deal, *Axios*: January 29, 2019, <https://www.axios.com/intelligence-chiefs-donald-trump-iran-nuclear-deal-0333ce3b-dd4e-4928-8753-447b98cedcc4.html>

The Trump administration contended that rather than invest in meeting its domestic needs, the Islamic Republic had used the agreement's economic benefits to consolidate its regional position at the expense of American and allied interests. The U.S. intelligence community did not dispute this assessment. It did, however, conclude<sup>143</sup> that inflicting “maximum pressure” on Tehran in response would be ill-advised, given how experts understood what drove the Iranian leadership. Such a pressure campaign was likelier to lead to unintended, negative consequences<sup>144</sup> than to new negotiations or a “change of behavior,” let alone “regime change.”<sup>145</sup> But Trump and Pompeo have interpreted the absence of any discernible or large-scale Iranian provocations since the Soleimani strike as vindication for current U.S. policy.

Whether President Trump and his supporters are genuine in their stated intentions or merely act to appease their political base is not the American intelligence community's business to understand, technically speaking. Understanding how the Iranian leadership perceives U.S. intentions, on the other hand, is critical to assessing Iran's likely reaction, and thus to informing decision-making at the White House. Iran's perceptions, after all, will govern its assessments and decisions.

But as opposed to offering well-grounded input for what should be a clear, consistent and strategic approach toward deescalating tensions, American actions have been a series of tactical measures, often sensational, and designed for public consumption and domestic effect. Assessing how Iran might react to ad hoc, seemingly impulsive, and often erratic U.S. actions is challenging for analysts trained to speak of potential outcomes over time given a particular set of key assumptions and known U.S. plans.



<sup>143</sup> U.S. Intelligence Community on Iran, United States Institute of Peace: January 29, 2019, <https://iranprimer.usip.org/blog/2019/jan/29/us-intelligence-community-iran>

<sup>144</sup> Philip Gordon, Robert Malley, “Iran's Protest Movement Doesn't Vindicate Trump's 'Maximum Pressure' Campaign,” Foreign Policy: December 11, 2019, <https://foreignpolicy.com/2019/12/11/iran-anti-government-protests-us-support/>

<sup>145</sup> Murtaza Hussain, “Trump's Regime Change Policy for Iran is a Fevered Fantasy – it will only promote chaos and instability,” The Intercept: February 2, 2020, <https://theintercept.com/2020/02/02/trump-iran-regime-change-fantasy/>



U.S. experts on Iran realize that their Iranian counterparts are likewise vested in using an entrenched rule book in anticipating how far Washington would go based on precedence. As any Iranian analyst might be inclined, particularly given the toxic political environment that risks the wrath of their superiors, it's natural that they would opt to assume a worst-case interpretation of U.S. motives and actions, each of which could now portend a full-scale attack, militarily, economically or otherwise.

As for the 2015 nuclear accord in particular, there were two parallel macro or grand perceptions, that of moderates (Rouhani-Zarif) and that of hardliners (Khamenei-IRGC). Moderates perceived the JCPOA as an historic strategic opportunity with massive potential for extension into other policy areas, which could ultimately help integrate Iran into the international community and modify the IRI's identity and methodology of governance home and abroad, hence the Rouhani administration's policy proposals about "a domestic JCPOA" and "a regional JCPOA" that were, unsurprisingly, dismissed by Khamenei.

Hardliners on the other hand, who were reluctantly compelled to accommodate JCPOA after Khamenei's discursive acrobatics ("heroic flexibility"), perceived it as a tactical opportunity to take as much advantage as possible from the consequent opening and consolidate the Islamic Republic "as is" in other non-nuclear policy areas, hence the intensification of Iran's regional maneuvering and influence-building. This was in part due to the deep-seated distrust of the West, confirmed by the partial-only removal of sanctions despite bigger promises, but more importantly due to the fear that opening Iran to the outside and particularly Western world might set in motion an unmanageable drive for change within Iran and thus change the system's political structure and identity. In a sense, Khamenei and his IRGC allies were in fact relieved that JCPOA faced hurdles and its full potential did not materialize, but to the extent that it did materialize they moved to hamper this materialization from running its natural course and coming to full fruition.

Khamenei's introduction of the "foreign infiltration"<sup>146</sup> discourse in a key November 2015 speech exemplified this fear/anxiety and was in fact an attempt to check and tame the potentially sea-change socio-political implications of the JCPOA. This was also a huge opportunity for the IRGC intelligence organization to prove itself and consummate its primacy over the Ministry of Intelligence, which had systematically commenced with the 2009 post-election protests or "sedition." So, the Trump administration is partly — only partly — right in claiming that Iran used its JCPOA-provided resources to further its influence and interests in the region (and wrong in claiming that they were not at all dedicated to improving living conditions inside of Iran). In fact, to the extent that the Iranian leadership felt that it had stood down on some of its principles, it sought to compensate in "non-nuclear" areas. This is what Iranian Foreign Minister Mohammad Javad Zarif and his diplomacy team mean when lament that Tehran did not exploit the JCPOA to the full extent.

Iran's Supreme Leader, Ayatollah Ali Khamenei, worried above all about the long-term sociopolitical effect of the nuclear deal on the Islamic Republic's identity and "tradition of behavior" (*sirat*). In numerous speeches<sup>147</sup> following the agreement, he highlighted the creeping "threat" posed by "enemies," internal and external, against the revolutionary character and creed of the state. The implication was that Iran should not let the nuclear accord, which promised to propel Tehran's integration into the international political community and global financial system, modify<sup>148</sup> the values and mores that defined the state.

"There is a very calculated soft war against us," Khamenei warned<sup>149</sup> during an address to senior officials of the state broadcasting organization shortly after the nuclear accord was clinched. "The purpose of this war is the metamorphosis of the Islamic Republic. They do not insist on changing the name of the Islamic Republic; they do not have anything to do with [its] form (*sourat*), [but] want to change the tradition of behavior (*sirat*)," he elaborated, adding that the main target of this campaign was "the people, particularly the elites, academics, students, the youth and activists."

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<sup>146</sup> Maysam Behravesht, "Manufacturing spies: Iran's campaign against 'infiltration,'" Aljazeera: 16 December 2018, <https://www.aljazeera.com/opinions/2018/12/16/manufacturing-spies-irans-campaign-against-infiltration>

<sup>147</sup> Maysam Behravesht, "It's not all about the supreme leader: How Iran's next president could shape foreign policy," Middle East Eye: 16 May 2017, <https://www.middleeasteye.net/opinion/its-not-all-about-supreme-leader-how-irans-next-president-could-shape-foreign-policy>

<sup>148</sup> Khamenei's Counterrevolution Is Underway, Foreign Policy: December 9, 2015, <https://foreignpolicy.com/2015/12/09/khameneis-counter-revolution-is-underway/>

<sup>149</sup> BBC: 2015 [https://www.bbc.com/persian/iran/2015/10/151012\\_iran\\_khamenei\\_war\\_warning](https://www.bbc.com/persian/iran/2015/10/151012_iran_khamenei_war_warning)

Khamenei raised the alarm about enemy “infiltration” into centers of decision-making in Iran, with the purpose of transforming the Islamic Republic’s character and behavior. But he also suggested that Western propaganda more broadly sought to weaken Iran’s state ideology as a means to undermine the state itself. “On the one hand,” he observed in another 2015 speech, “they claim the Islamic Republic enjoys power, influence and efficacy in the region; on the other, they say you should set aside the revolutionary spirit and thinking in order to integrate into the global community.”

Iran assumed a more muscular regional posture following the nuclear accord partly in order to assuage these anxieties and compensate for what the Iranian leadership felt was a retreat on the nuclear front. But the posture was also a response to pressures in Iran’s regional relationships. The rise of the Islamic State, or ISIS; the civil war in Syria; and the civil war in Yemen, which pitted Shia Houthis against a Saudi-led Sunni Arab coalition, all took place within Iran’s main strategic orbit and engaged Iranian interests. Iran’s leaders worried that to refraining from intervention in Yemen (or Syria for that matter) after the nuclear accord would signal<sup>150</sup> to non-state allies that Iran was no longer loyal or reliable now that it had made a deal with the six world powers. Such a rift would be dangerous for Iran, whose national security strategy partly depended<sup>151</sup> on these allies. It would also clearly violate Khamenei’s ideological standards. Moreover, the war in Yemen offered a rare opportunity for Iran to deepen its “strategic depth”<sup>152</sup> and forge a forward foothold in Saudi Arabia’s immediate neighborhood.

Iran’s leaders felt vindicated in compensating their nuclear losses with regional gains when the United States failed to remove sanctions as effectively and comprehensively as the deal had promised. The Republican-dominated Congress extended the Iran Sanctions Act for another ten years in October, 2016, and former President Barack Obama refused to veto it. Such equivocation confirmed skepticism<sup>153</sup> in Tehran about the “good faith” of the United States in fulfilling its

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<sup>150</sup> Meysam Behraves, “But really, why is Iran still backing Assad? A psychological analysis,” Middle East Eye: 15 February 2017, <https://www.middleeasteye.net/opinion/really-why-iran-still-backing-assad-psychological-analysis>

<sup>151</sup> Maysam Behraves, “Iran’s Unconventional Alliance Network in the Middle East and Beyond,” Middle East Institute: April 7, 2020, <https://www.mei.edu/publications/irans-unconventional-alliance-network-middle-east-and-beyond>

<sup>152</sup> Maysam Behraves, “Iran’s Syria policy post-IS: Staying for the long haul,” Middle East Eye: 15 November 2017, <https://www.middleeasteye.net/opinion/irans-syria-policy-post-staying-long-haul>

<sup>153</sup> BBC: <https://www.bbc.com/persian/blog-viewpoints-38443022>

commitments. Khamenei saw<sup>154</sup> the Congressional act as “definitely a violation” and pledged a “response,” even though the extension arguably did not breach the letter of the agreement.

The Iranian leadership’s early skepticism of U.S. motives certainly helped squander a historic opportunity for a structural change in Iranian foreign policy. The rise of Trump in the United States—and his administration’s subsequent abandonment of the nuclear agreement—was the final nail in the coffin. U.S. behavior yet again confirmed Iranian skepticism and threat perceptions. Now the two traditional adversaries have reached such a crescendo of mutual hostility that avoiding an all-out war between them would be an outstanding achievement.



### *The Road Ahead*

In the 40-plus years since the Iranian revolution of 1979, the Islamic Republic has pressed up to, but generally not beyond, what Washington perceives as established behavioral boundaries. Implicit rules have governed four decades of fighting in the shadows. The escalatory cycle of violence following the U.S. withdrawal from the nuclear agreement in May 2018 rendered much of that understanding moot.

At the beginning of the summer of 2019, Washington responded only hesitantly to Iranian actions. The Revolutionary Guards downed an unmanned American drone in June 2019, and Trump stood down. Iran challenged Washington’s implicit Gulf security commitment by striking<sup>155</sup> Saudi Arabia’s oil infrastructure in September 2019, and Trump blinked. But then, in January 2020, the commander-in-chief in the White House chose<sup>156</sup> to eliminate Iran’s top military commander. The

<sup>154</sup> BBC: <https://www.bbc.com/persian/iran-features-38220963>

<sup>155</sup> Maysam Behraves, “Following US strikes, Iran to consolidate militia alliances despite rising costs,” Middle East Eye: December 31, 2019, <https://www.middleeasteye.net/news/after-us-strikes-tehran-will-consolidate-militia-alliances-despite-rising-costs>

<sup>156</sup> Douglas London, “The President, His Relationship with Intelligence, and the Soleimani Strike,” Just Security: January 15, 2020, <https://www.justsecurity.org/68072/the-president-his-relationship-with-intelligence-and-the-soleimani-strike/>

move took Iranian leaders by surprise: it came in response to a bloodless short-term siege of the U.S. Embassy in Baghdad at the end of December, and at a time when the U.S. president could ill afford to sell another costly Middle East adventure even to his base. The Islamic Republic took the assassination not merely as an erratic, over-compensatory move on the part of a U.S. president who feared that his earlier reticence would be seen as weak, but also as a show of disrespect toward established rules of engagement—more simply, as “foul play.”

Predictability matters a lot when dealing with allies, but even more when dealing with enemies. But desperation has made Iran unpredictable, and Trump’s decision-making has proved erratic from the first. The combination could be cataclysmic.

Leaders need to see the world through the eyes of their adversaries to avoid costly miscalculations that might trigger war. Rather than politicizing or manipulating the intelligence, leaders should make decisions informed by robust, integrated intelligence analysis, received with open minds. A clear understanding of Tehran’s calculus of risks and gains, for example, could undergird an American approach that does not stoke Iranian anxieties about American encroachment, but that makes clear the costs of crossing mutually recognized red lines. Such insight could further allow the two parties to come up with incentives for one another to address mutual security concerns.

For all the entrenched differences, deep-seated emotions, and suspicions that estrange the United States and Iran, in January 2020 the two countries caught a common glimpse of the tip of the iceberg barreling toward them both. To remove that iceberg from its current course, and to set the relationship between the countries on a better one, might now take years of patient and prudent work. But to at least avoid diving into the wreck is still possible.

Since the U.S. withdrew from the Iran nuclear deal and re-imposed nuclear sanctions on Iran, the ball, for all intents and purposes, now resides in Washington’s court. A realistic U.S. understanding of Iran’s ever shifting internal power dynamics among globalists, pragmatists and hardliners competing for influence would illuminate the counter-productivity of “maximum pressure” and its populist tactics over strategic decisions. The Trump administration’s ongoing war with the U.S.



Intelligence Community does not auger well for this requirement. The resulting empowerment<sup>157</sup> of Iran's most hardline, insular and confrontational voices comes to a considerable extent from U.S. actions that are in turn perceived by Iranian decision makers as predicated on regime change. At risk are exit ramps from this ongoing collision course given both countries' ultimately flawed risk versus gain calculus on which escalatory choices continue to be made.



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<sup>157</sup> Op Cit Behravesht (FP: June 26, 2020), <https://foreignpolicy.com/2020/06/26/corruption-is-a-job-qualification-in-todays-iran/>

# Chapter 4: How Iran pushed Britain into the crevasse of the Euro-Atlantic Partnership

## *From Grace I to Stena Impero*

*Alexandros Sarris*

On July 4, 2019, a detachment of 30 Royal Marines intercepted and seized an Iranian oil tanker, Grace I, off the coast of the British Overseas Territory of Gibraltar. The captain and four members of the crew were arrested.<sup>158</sup> The ship was flying Panama's convenience flag and controlled by Russia's Titan Shipping, a subsidiary of TNC Gulf, a UAE-based company. The latter detail completes a usual pattern that Iran follows to circumvent sanctions.<sup>159</sup>



In fact, the Grace I incident tested the UK's relationship with Spain, more broadly the EU, Iran, but was in keeping with the tradition of prioritising the Special Relationship with the United States. Conservative Leave campaigners argue consistently that it is possible to reimagine a "Global Britain" that will prioritise its centrality in the Anglosphere, allowing London to play a new role in the West, including Europe. The Grace I incident tested this thesis to its limits. The American neo-isolationist position and the UK's inability to set the diplomatic agenda in Brussels pushed the UK into the crevasse of the Euro-Atlantic partnership.

### *The British Diplomatic Conundrum*

The UK's official position is that Grace I was intercepted not because it was Iranian but because it was bound for Syria.<sup>160</sup> The UK remains nominally committed to the 2015 Joint Comprehensive

<sup>158</sup> Coote, D. "Police: Captain, chief officer of Grace 1 supertanker arrested." UPI. July 11, 2019, available at: [https://www.upi.com/Top\\_News/World-News/2019/07/11/Police-Captain-chief-officer-of-Grace-1-supertanker-arrested/1861562899483/](https://www.upi.com/Top_News/World-News/2019/07/11/Police-Captain-chief-officer-of-Grace-1-supertanker-arrested/1861562899483/)

<sup>159</sup> Latin American Herald Tribune. "Panama Says It Delisted Oil Tanker Seized by UK off Gibraltar." Latin American Herald Tribune. July 4, 2019, available at: <http://www.laht.com/article.asp?ArticleId=2480686&CategoryId=23558>

<sup>160</sup> Baker, S. "British Royal Marines seized a tanker full of Iranian oil after claims it was breaching sanctions by sailing crude oil to Syria." Business Insider. July 4, 2019, available at: <https://www.businessinsider.in/British-Royal-Marines-seized-a-tanker-full-of-Iranian-oil-after-claims-it-was-breaching-sanctions-by-sailing-crude-oil-to-Syria/articleshow/70076797.cms>

Plan of Action (JCPOA), and until January 2019 London was standing critically vis-a-vis Washington.<sup>161</sup> In that respect, the interception of Grace I was seen as a significant British policy U-turn. The mandate for the Royal Marines operation was founded on EU Resolution 36/2012 imposing sanctions on the Assad regime.<sup>162</sup> But this was not a straightforward case of enforcing an embargo. Article 6 of the said Resolution prohibits the import, purchase and transport of crude oil and petroleum products that originate from Syria. The resolution does not prohibit oil exports to Syria. Besides, withholding oil from Syria was not a credible motive, as the Assad regime has for years relied on Russian supplies and the Royal Marines never embarked a Russian vessel.<sup>163</sup>

Reacting to the British operation off the coast of Gibraltar, the Spanish government lodged an official complaint.<sup>164</sup> Both in Spain and Iran, the Royal Marines operation was seen as Britain falling into line with Washington's "maximum pressure" policy. According to Lloyd's List, the vessel took the long route around Africa to the Mediterranean to avoid transiting the Suez Canal. US intelligence asserted that Grace I was bound for the Syrian state-owned Banyas refinery.

US agencies were tracking Grace I since it docked in Iran on April 2019, alerting the Spanish government 48 hours before the vessel's projected transit through the Strait of Gibraltar.<sup>165</sup> The Royal Marines appeared to be acting on the same intelligence. As pointed out by the Iranian news platform Press TV, the Gibraltar government introduced a bill that would mandate the Royal Marines' interception just 36 hours before the start of the operation.<sup>166</sup> However, when the vessel was intercepted, London denied any political responsibility: Gibraltar's First Minister Fabian Picardo asserted that the decision to take action was made in Gibraltar without any "extraneous political considerations."<sup>167</sup>

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<sup>161</sup> Malkom Rifkind, "Britain is leaving the EU, not Europe," Politico, June 15, 2019, available at <https://www.politico.eu/article/britain-leaving-eu-not-europe-brexite-aftermath/>

<sup>162</sup> Sabbagh, D. and Burgen, S. "Ex-military chief urges Iran to seize UK ship in Gibraltar tit-for-tat." The Guardian. July 5, 2019, available at: <https://www.theguardian.com/world/2019/jul/05/spain-to-lodge-complaint-over-british-seizure-of-oil-tanker-gibraltar>

<sup>163</sup> Wintour, P. "Is the US nudging Britain into dangerous waters with Iran?" The Guardian. July 11, 2019, available at: <https://www.theguardian.com/politics/2019/jul/11/is-the-us-nudging-britain-into-dangerous-waters-with-iran>

<sup>164</sup> Sengupta, K. "UK finds itself in diplomatic maelstrom with Iran and Spain after seizure of Syria-bound oil-tanker." Independent. July 5, 2019, available at: <https://www.independent.co.uk/news/world/europe/iran-royal-marines-seize-oil-tanker-spain-syria-gibraltar-sanctions-eu-a8990616.html>

<sup>165</sup> Tisdall, S. "How Trump's arch-hawk lured Britain into a dangerous trap to punish Iran." The Guardian. July 20, 2019, available at: <https://www.theguardian.com/world/2019/jul/20/britain-lured-into-deadly-trap-on-iran-by-trump-hawk-john-bolton>

<sup>166</sup> Press TV. "New Revelations About UK's Concipracy Over Iranian Oil Tanker." Press TV. July 23, 2019, available at: <https://www.presstv.com/Detail/2019/07/23/601648/UK-Gibraltar>

<sup>167</sup> Reuters. "Gibraltar says it took decision to detain Iranian tanker." Reuters. July 12, 2019, available at: <https://www.reuters.com/article/us-mideast-iran-britain-gibraltar/gibraltar-says-it-took-decision-to-detain-iranian-tanker-idUSKCN1U712Z>

This recollection of events was challenged by Spain's Foreign Minister at the time, Josep Borrell, who made the case that Royal Marines were acting on a US request in Spanish territorial waters. In the House of Commons too, Fabian Hamilton MP, Jeremy Corbyn's Shadow Minister for Peace and Disarmament, insisted that the US lobbied No. 10 to seize the Iranian vessel.

Since the US withdrawal from the JCPOA on May 8, 2018, Washington demanded from its European allies – the UK, France and Germany – to fall in line with "maximum pressure" policy or suffer secondary sanctions. Washington was also calling for a naval operation that would deter any Iranian countermeasure. During his visit to the US Central Command in Tampa on June 18, US Secretary of State Mike Pompeo floated the idea of a naval coalition to protect sea routes in the Persian Gulf.<sup>168</sup> The US would provide command and control ships and surveillance measures while other states would step with military escort vessels that would accompany commercial ships in the Strait of Hormuz.



Europe did not oblige as France and Germany had already invested billions in Tehran. Instead, the EU focused its efforts in setting up a financial vehicle that would facilitate barter trade with Iran in contravention of unilateral US sanctions, that is, the Instrument in Support of Trade Exchanges (INSTEX). Tehran hailed EU resistance to maximum pressure policy but expressed nothing short of wrath over Europe's failure to extend to Iran much needed economic relief.

In the Grace I case, all gloves were off. Following the vessel's seizure, Panama's Maritime Authority delisted the boat from its registry, on suspicion that it belonged to terrorist financing

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<sup>168</sup> Borger, J. "Mike Pompeo urges other countries to help protect tankers after Gulf attacks." The Guardian. June 18, 2019, available at: <https://www.theguardian.com/us-news/2019/jun/18/gulf-oil-tanker-attacks-trump-pompeo-washington-us>

network. Panama authorities were echoing the US position that pronounced the Islamic Revolutionary Guards Corps (IRGC), a state institution, as a terrorist organisation.<sup>169</sup>

In principle, Britain remains a guarantor of the JCPOA. Passing on the political responsibility for the Royal Marines interception to its Overseas Territory did not shield the UK from Iranian countermeasures. Tehran saw the UK's involvement as an American ploy. Foreign Minister Javad Zarif made the case that US Secretary of State Mike Pompeo and National Security Advisor John Bolton failed to convince President Donald Trump to take military action and sought to stir confrontation between Iran and the UK, thereby undermining the nuclear deal.<sup>170</sup>

In this version of events, the UK was portrayed as a US proxy rather than a facilitator of Euro-Atlantic unity. Tehran called out London for doing Washington's bidding and the former commander of the Islamic Revolutionary Guards Corps (IRGC), Mohsen Rezaei, called for the interception and seizure of British oil tankers in the Straits of Hormuz.<sup>171</sup> On July 9 2019, the UK government raised its security threat level to Level 3, indicating an imminent incident risk.

On July 10 the UK reported that three IRGC vessels approached the oil tanker British Heritage in an attempt to divert the vessel to Iranian territorial waters. The intervention of HMS Montrose deterred the Iranian interception. Unconvincingly, Foreign Minister Zarif and the IRGC would later claim this incident never happened,<sup>172</sup> although Iranian President Hasan Rouhani pointed out that the UK was forced to afford its commercial vessels military protection.<sup>173</sup>

Following the failure to seize British Heritage, Foreign Secretary Jeremy Hunt invited Tehran to reverse its decision to resume higher levels of uranium enrichment. At the time, Iran was mirroring

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<sup>169</sup> Ibid

<sup>170</sup> Press TV. "Zarif: Failing to lure Trump into war, Bolton dragging UK into quagmire." Press TV. July 21, 2019, available at: <https://www.presstv.com/Detail/2019/07/21/601481/Iran-Mohammad-Javad-Zarif-BTeam-war-UK-tanker-Persian-Gulf>

<sup>171</sup> BBC News. "Iranian official threatens to seize British oil tanker." BBC News. July 5, 2019, available at: <https://www.bbc.com/news/uk-48882455>

<sup>172</sup> Held, A. "U.K. Says Iran Tried To Intercept Tanker In Strait Of Hormuz; Tehran Denies It." NPR. July 11, 2019, available at: <https://www.npr.org/2019/07/11/740623762/u-k-says-iran-tried-to-intercept-tanker-in-strait-of-hormuz-tehran-denies-it>

<sup>173</sup> Choi, D. "Iranian gunboats trying to seize a British oil tanker were scared away by the Royal Navy, new report claims." Business Insider. July 11, 2019, available at: <https://www.businessinsider.in/Iranian-gunboats-trying-to-seize-a-British-oil-tanker-were-scared-away-by-the-Royal-Navy-new-report-claims/articleshow/70166593.cms>



Washington's "maximum pressure," putting pressure on the European signatories of the JCPOA to assist Iran economically, crossing the 3.67 per cent and 300 kg uranium enrichment level.<sup>174</sup>

Attempting to turn a crisis into a negotiating opportunity, Foreign Secretary Hunt indicated that the Iranian vessel could be released if it did not proceed to Syria.<sup>175</sup> Iran refused to enter negotiations with London, denied the tanker was ever bound for Syria and continued to call out the Grace I takeover an "act of piracy." To the contrary, while US naval forces were bound for their naval base in Jebel Ali in July 2019, the Emiratis held talks with Iran to discuss "maritime security."<sup>176</sup> To the contrary, Tehran refused to validate London as a credible negotiator, let alone mediator. Foreign Minister Javad Zarif addressed Washington directly, offering to add to the JCPOA an additional inspections protocol. The offer extended further access to nuclear sites in exchange for a permanent lift of economic sanctions. Washington dismissed the offer as soon as it was submitted<sup>177</sup> but the point was that Tehran did not find any instrumentality in evoking the British initiative.



Isolated, the UK appeared to be falling deeper into the crevasse between the two Transatlantic partners, Europe and the United States. On July 19, the IRGC seized the British oil tanker Stena Impero in the Strait of Hormuz. It alleged that the British ship violated maritime rules after colliding with an

Iranian fishing boat and switched off its transponders, ignoring IRGC warnings. The ship was therefore led to Iranian waters and docked at Bandar Abbas port for further investigation. This

<sup>174</sup> Al Jazeera. "Iran nuclear deal: Tehran exceeds enriched uranium limit." Al Jazeera. July 2, 2019, available at: <https://www.aljazeera.com/news/2019/07/iran-nuclear-deal-tehran-breaches-enriched-uranium-limit-190701095502586.html>

<sup>175</sup> Kirkpatrick, D.D. "U.K. Offers to Return Seized Iranian Oil Tanker." The New York Times. July 13, 2019, available at: <https://www.nytimes.com/2019/07/13/world/middleeast/britain-iran-oil-tanker-syria.html>

<sup>176</sup> Borzou Daragahi, 'In a rare meeting between Iran and Gulf Rival, some see signs of possible harmony,' July 31, 2019, <https://www.independent.co.uk/news/world/middle-east/iran-uae-gulf-arab-yemen-war-us-trump-middle-east-a9029556.html>

<sup>177</sup> Mohammed, A. & Holland, S. "Iran floats offer on nuclear inspections; U.S. sceptical." Reuters. July 19, 2019, available at: <https://in.reuters.com/article/mideast-iran-usa-zarif/iran-floats-offer-on-nuclear-inspections-u-s-sceptical-idINKCN1UD31A>

escalation exposed the UK's vulnerability diplomatically and militarily. Hunt would go on to cite the July 19 incident to push for increased defence spending,<sup>178</sup> as it appears that the British Navy did not have the operational capability to deter Iran's intervention.<sup>179</sup>

Conveniently for London, Gibraltar decided to extend the detention of the Iranian vessel *Grace I* until August 15, denying Iran's request for immediate release.<sup>180</sup> Iran said the vessel would be detained until it was determined whether the crew violated maritime rules.<sup>181</sup> Thereby, Iran was seen to be imposing a sense of tit-for-tat symmetry in its negotiations with London.

London looked to its European rather than its American partners for de-escalation, abandoning "maximum pressure" rhetoric. On July 22, Foreign Secretary Hunt announced that the UK now favoured a European led maritime coalition to counter piracy and ensure the safe passage of crew and cargo in the Straits of Hormuz.<sup>182</sup> The proposal was positively received in France, Italy, Netherlands and Denmark not least because it went hand-in-hand with the reaffirmation of commitment to the JCPOA.<sup>183</sup>

The political context shifted once again on July 23, when Boris Johnson became Prime Minister.<sup>184</sup> Johnson was invested in an uncompromising position over Brexit and leaned heavily on the centrality of the Anglosphere for his domestic ideological narrative. The situation was further complicated because, as Theresa May's Foreign Secretary, Johnson made a misleading statement about a British-born Iranian woman, Nazanin Zaghari-Ratcliffe, who was imprisoned in Tehran. Johnson claimed that she was arrested for "teaching people journalism," a statement that worsened

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<sup>178</sup> Wintour, P. & Mckernan, B. "UK ships in Gulf on high alert after Royal Navy trains guns on Iranian vessels." *The Guardian*. July 11, 2019, available at: <https://www.theguardian.com/world/2019/jul/11/uk-ships-in-gulf-on-high-alert-after-royal-navy-trains-guns-on-iranian-ships>

<sup>179</sup> Giannangeli, M. & Tominey, C. "Royal Navy has FIVE ships ready for operations as vessels 'cannibalised' for parts." *Express*. March 25, 2018, available at: <https://www.express.co.uk/news/uk/936791/royal-navy-warship-frigates-destroyers-russia-intervention>

<sup>180</sup> *The Times of India*. "Gibraltar court extends detention of Iran tanker for 30 days." July 19, 2019, available at: <https://timesofindia.indiatimes.com/world/middle-east/gibraltar-court-extends-detention-of-iran-tanker-for-30-days/articleshow/70296370.cms>

<sup>181</sup> Borger, J., Wintour, P. & Rawlinson, K. "Iran stokes Gulf tensions by seizing two British-linked oil tankers." *The Guardian*. July 19, 2019, available at: <https://www.theguardian.com/world/2019/jul/19/british-tanker-iran-capture-fears-stena-impero-uk-ship-latest>

<sup>182</sup> Al Jazeera. "UK seeks European naval force to counter 'piracy' in Gulf." *Al Jazeera*. July 23, 2019, available at: <https://www.aljazeera.com/news/2019/07/uk-seeks-european-naval-force-counter-piracy-gulf-190722175438991.html>

<sup>183</sup> Al Jazeera. "Iran warns against international naval coalition in the Gulf." *Al Jazeera*. July 24, 2019, available at: <https://www.aljazeera.com/news/2019/07/iran-warns-international-naval-coalition-gulf-190724035515319.html>

<sup>184</sup> Raphael, T. "Iran Exposes Boris Johnson's Brexit Bombast." *Bloomberg*. July 23, 2019, available at: <https://www.bloomberg.com/opinion/articles/2019-07-23/iran-exposes-boris-johnson-s-brex-it-bombast>

her legal position in Iran, undermining the government's negotiating position.<sup>185</sup> That context distracted from the crisis at hand and made more effective coordination with EU partners less likely.

### *From the Grace I to the Stena Impero Crisis*

In seizing Stena Impero Iran violated the law of the sea and the law of countermeasures. But there is no bilateral treaty with the United Kingdom that provides for an apparent dispute settlement forum.<sup>186</sup> Typically, the International Court of Justice (ICJ) decides matters related to customary international law,<sup>187</sup> as far as the case



is referred by both parties consent to its jurisdiction.<sup>188</sup> While the United Kingdom has accepted compulsory jurisdiction under Art. 36 of the ICJ Statute,<sup>189</sup> Iran has not.<sup>190</sup>

As recently as December 2019, Iran reiterated its commitment to peaceful dispute settlement in the UN framework of the Hormuz Peace Endeavor process.<sup>191</sup> However, in this case, Iran would not consent to a dispute settlement mechanism if the process offered no promise of tangible return, such as the relaunch of the JCPOA process.<sup>192</sup> Without Iran's consent on a mediation process, it is hard to hold Iran accountable in a judicial setting.

<sup>185</sup> Saeed Kamali, "Boris Johnson 'mistake' could harm case for Nazanin Zaghari-Rattcliffe, say family," *The Guardian*, November 6, 2017 <https://www.theguardian.com/politics/2017/nov/06/boris-johnson-mistake-could-harm-case-for-nazanin-zaghari-ratcliffe-say-family>

<sup>186</sup> CHAPTER XXI: Law of the Sea, 6. United Nations Convention on the Law of the Sea (Dec. 10, 1982), <https://treaties.un.org/doc/Publication/MTDSG/Volume%20II/Chapter%20XXI/XXI-6.en.pdf>. The online Depository record includes all of the signing statements and declarations of each party. Iran's signing statement can be found on page 20

<sup>187</sup> Statute of the International Court of Justice, art. 36, June 26, 1945, 59 Stat. 1031

<sup>188</sup> *Ibid*

<sup>189</sup> Declarations recognizing the jurisdiction of the Court as compulsory: Sweden, ICJ, <https://www.icj-cij.org/en/declarations/se>; Declarations recognizing the jurisdiction of the Court as compulsory: United Kingdom of Great Britain and Northern Ireland, ICJ, <https://www.icj-cij.org/en/declarations/gb>

<sup>190</sup> States entitled to appear before the Court, ICJ, <https://www.icj-cij.org/en/states-entitled-to-appear>

<sup>191</sup> At UN, Iran proposes 'coalition for hope' to pull Gulf region from 'edge of collapse,' UN NEWS (Sept. 25, 2019), <https://news.un.org/en/story/2019/09/1047472>

<sup>192</sup> Steven Erlanger, Iran Links British Seizure of Oil Tanker to Ailing Nuclear Deal, N.Y. TIMES (July 28, 2019), <https://www.nytimes.com/2019/07/28/world/europe/iran-tanker-britain-nuclear.html>.

As European companies were forced to fall into line with US demands to avoid secondary sanctions, Iran was already suffering a de facto economic embargo in violation of the JCPOA and had no motive to engage constructively. The presence of US warships heightened tensions,<sup>193</sup> although it did mean that Iran was not likely to continue seizing commercial ships, thereby risking direct military confrontation.

Economically, Iran had little option but to revert to time-tested practices of circumventing the embargo. Iranian oil that could be masked as Iraqi or Tehran would use Dubai's network of front companies to facilitate covert exports and repatriate proceeds. There is little doubt that the UAE has built itself as a powerful US ally in the region, but not quite "aligned." The UAE's role as a major logistics superpower from the Gulf to the Horn of Africa and all the way to the Indian Ocean means that the country is forging close links with China and Russia that the Muller report partially unveiled. It is clear that the UAE is not aligned with maximum pressure guidelines but US naval forces in the Gulf very much rely on Emirati maritime infrastructure.

In sum, the Emiratis are willing to entertain but not necessarily assist the US embargo reaching their own understanding with Tehran. The UK has not been able to do as much.

Amid heightened tensions in the Persian Gulf, in September 2019 Iran unveiled its own proposal for security in the region entitled 'Hormuz Peace Endeavor' (HOPE)<sup>194</sup> in the UN General Assembly. The plan invited Persian Gulf littoral states – Bahrain, Iraq, Saudi Arabia, Oman, and the United Arab Emirates – to commit to a conflict resolution roadmap. The proposal invokes UN Security Council Resolution 598<sup>195</sup> ending the Iran-Iraq War, making a case for a conflict resolution process that would only engage regional stakeholders.

For its part, Russia is proposing an alternative OSCE-type multilateral framing that would engage China and Europe but not necessarily the United States. Washington has sought to maintain

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<sup>193</sup> 1 No need to foreign forces for Persian Gulf security, Rouhani says, TEHRAN TIMES (August 14, 2019), <https://www.tehrantimes.com/news/439250/No-need-to-foreign-forces-for-Persian-Gulf-security-Rouhani>; Iranian Navy chief warns extra-regional forces to leave region or face humiliating retreat, TEHRAN TIMES (August 16, 2019), <https://www.tehrantimes.com/news/439304/Iranian-Navy-chief-warns-extra-regional-forces-to-leave-region>.

<sup>194</sup> Letter dated 9 December 2019 from the Permanent Representative of the Islamic Republic of Iran to the United Nations addressed to the Secretary-General UN General Assembly, December 10 2019, <https://undocs.org/pdf?symbol=en/A/74/581>

<sup>195</sup> United Nations Security Council Resolution 598, <http://unscr.com/en/resolutions/doc/598>

maximum pressure, undermining Tehran's UN initiatives even amidst the COVID-19 Pandemic. However, not all of Washington's allies fall into line, with the United Arab Emirate extending medical aid to Iran in March 2020.

Post-Brexit Britain has ultimately joined the US initiative in the region, abstained from the European-led maritime surveillance initiative, together with Australia.<sup>196</sup> In sum, Boris Johnson's Conservative government has committed to an Anglosphere framing of collective security that is no longer inclusive of France, Germany, and Italy. The vindication of this policy rests on the result of the US elections in November 2020.



Under the Donald Trump Administration, a high-level U.S-Iran dialogue remains unlikely. However, the Democrat-dominated Congress is calling for Track II initiatives, allowing Washington and Tehran to explore "bilateral and multilateral deconfliction channels" under Section 1227 of the 2020 National Defense Authorization Act. This approach is echoed in Iran. Foreign Minister Javad Zarif has time and again underscored the need for hotlining, that is, "early warning systems, military contacts and the exchange of data and information" on a regional level, facilitating maritime transport. Such an arrangement would be in line with the International Crisis Group's recommendation of a framework "for third-party intermediaries to link counterpart US and Iranian officers of higher rank and authority."

American leadership is no longer a guarantor of multilateralism. Representatives of the UK, France, Germany, Russia, China and the EU met in Vienna on July 31, 2019, to review the prospects of JCPOA.<sup>197</sup> For years Britain has tried to balance the divide between Europe and the US in their approach to Iran. Boris Johnson's government claims to be following in the footsteps

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<sup>196</sup> "What the European maritime initiative in the Strait of Hormuz tells us about Brussels's security ambitions," European Leadership Network, 27 March 2020, <https://www.europeanleadershipnetwork.org/commentary/what-the-european-maritime-initiative-in-the-strait-of-hormuz-tells-us-about-brussels-ambition-and-capacity-as-a-security-actor/>

<sup>197</sup> Al Jazeera. "Remaining Iran nuclear deal signatories to meet in Vienna." Al Jazeera. July 23, 2019, available at: <https://www.aljazeera.com/news/2019/07/remaining-iran-nuclear-deal-signatories-meet-vienna-190723114800617.html>



of his predecessor, claiming "... a great deal of success in bringing together a European response and in bridging the European response with that, of course, of our American friends."

Nevertheless, facts on the ground do not appear to concur with this assessment. Britain's influence over the EU and Iran is limited. British calls for de-escalation are less relevant than they would have been when the UK was a member of the EU. London's position appears to have little bearing on Washington's positioning vis-à-vis Iran. In sum, London does not appear to be bringing together or apart from the stakeholders to this conflict. The crisis that started with the interception of Grace I and ended with the seizure of Stena Impero suggests that Britain's investment on the Special Relationship alone defines a precarious diplomatic position.

To date, British shipping in the Persian Gulf remains vulnerable, and it is unclear that a regime of genuine collective security can be restored without European cooperation or without reaching out to geopolitical rivals, such as Russia and China. The UK's role, if any, has yet to be defined.

## Epilogue: In-between us - Iran, the UK, and the history of a troubled relationship

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Amongst all the complications generated by the collapse of the JCPOA and the various attempts to nudge the situation back on track, we should remember that the UK's troubled relationship with Iran and its complicated position towards its various friends and allies on the issue have a long history. We should also consider that the paradox and conundrum the UK has presented to itself following Brexit on this - and on many other foreign policy issues - is as much to do with the continuing schizophrenia of a post-industrial and post-imperial European power, as it is about Iran itself.

Much as the UK and Russia are currently involved in the renewed diplomatic efforts in Vienna to bring Iran back to the negotiating table on its nuclear programme, so were the two former imperial powers materially involved in fighting over strategic territory in central Asia in the nineteenth century,



and in shaping and defining the borders of Persia (as it was then) to suit their relative interests. At this time, Iran's historical curse, much like that of neighbouring Afghanistan, was to find itself caught in the middle of the Great Game. Indeed, Russia's positive narrative about its own supposedly valiant diplomatic role in the current Vienna talks (and, by implication, reminding us that the US is not sitting directly around the table) has echoes of nineteenth-century nationalistic one-upmanship.

In the twentieth century, Britain's naked self-interest in establishing the Anglo-Persian Oil Company at the beginning of the century and establishing a majority share, ensured it effectively controlled the economy and politics of Iran. The Old Fox, as Britain is often known in Iran<sup>198</sup>, underlined its somewhat Machievellian attitude towards its erstwhile Persian foe with arguably the zenith of Western Cold War self-interest; namely the 1953 engineered coup in which Britain covertly assisted the CIA in removing the troublesome Mohammed Mossadegh from power. The more amenable Shah Mohammed Reza Pahlavi's reaffirmation as the head of state ensured an authoritarian puppet regime that continued in power until it was swept aside in the 1979 Iranian Revolution.

The installation of Ayatollah Khomeini saw a continuation of troubled Anglo-Iranian relations, characterised by the Ayatollah's issuing of a fatwa against the British novelist, Salman Rushdie, in 1989. In 2007, during the depths of the insurgency in Iraq, Iran seized 15 British mariners carrying out a patrol on HMS Cornwall in the Gulf, for allegedly sailing into Iranian waters (a claim flatly denied by the UK). The naval personnel faced the ignominy of being paraded on TV, and reading out a prepared statement admitting to transgressions of Iranian maritime sovereignty. The group were released approximately two weeks later, wearing comically ill-fitting suits supplied by the Iranian authorities.

Most recently, an ongoing legal wrangle between the UK and Iran over the repayment of a £400 million debt relating to a tank deal agreed with the Shah but frozen following the imposition of sanctions after the 1979 revolution, has ensured continued strained relations. One of the most agonising expressions of the distrust between the two states has been the continued detention of the Anglo-Iranian national, Nazanin Zaghari-Ratcliffe for alleged espionage. Indeed, at the time of writing, Iran has just announced a further one-year detention of Zaghari-Ratcliffe to be followed by another year of house arrest.

The Zaghari-Ratcliffe case demonstrates a number of troubling issues for the UK. The most significant of these is the apparent inability of London to resolve a specific case of the abuse of human rights relating to one individual, despite intense diplomatic lobbying. The intransigence of Iran on this issue has underlined a sense of profound powerlessness in London.

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<sup>198</sup> Parham Pourparsa (2015, August 25). "Why is Britain an 'old fox' in Iranian media rhetoric?" BBC News, Why is Britain an 'old fox' in Iranian media rhetoric? - BBC News

The central arguments in this volume are twofold. Firstly, the changing geopolitical dynamics in the second decade of the twentieth century have allowed Iran to turn the tables and play its own Great Game with the EU, the UK, and the US. The UK's decision to detach itself from the EU with Brexit, and the complications of a Washington regime that has been blowing hot and cold on its attitude towards Iran and its nuclear ambitions, have created an environment of doubt and mistrust between the Western allies that Iran has been able to exploit to its advantage in pressing ahead with its own strategic military objectives. As Ilya Roubanis describes in the introduction to this volume, the events of the last few years have been viewed in Tehran as nothing less than “a deregulation of the West as a community of values and norms”.

The second core argument is that the UK is facing a particularly complicated and paradoxical set of choices in how to deal with Iran in the months and years to come. Many of those opposed to Brexit in the UK feared that exit from the EU would substantially reduce the UK's soft power status, and conflict with stated aspirations to be a diplomatic force for good on the global stage. Attempts to restart the JCPOA process now highlight the potential issues. The process was started when the UK was very much part of the EU: now, it is sitting to one side.



That does not necessarily mean, of course, that the UK cannot still be a significant diplomatic voice around the JCPOA table continuing to work with EU and other partners as a supplementary actor. Tabrizi<sup>199</sup> reminds us that, as pointed out on the recent Integrated Defence and Security Review in the UK, despite Brexit, Britain remains a Nuclear Weapons State; a permanent member of the UNSC; and an important player in the NATO alliance alongside the US and European partners. And yet, as Ilan Berman points out in this volume, Boris Johnson's robustly nationalistic approach towards Brussels through the Brexit process has alienated London from its erstwhile European allies and made room for manoeuvre on the European stage much more limited.

Across the Atlantic, the Special Relationship with the US has also been through some particularly difficult times recently, placing the UK in an increasingly invidious position. Former President Trump's status as an "unreliable negotiator" on issues such as Iran, as Erwin Van Veen describes in this volume, caused the UK to be caught between the new policy in Washington of "maximum pressure" on Tehran, and a more diplomatic soft-power approach as characterised by the JCPOA. The collapse of the latter was ultimately precipitated by the former, when Trump flamboyantly withdrew from the agreement and reinstated a raft of sanctions against Tehran.

Britain tinkered with a maximum pressure approach when the Iranian Grace I tanker was impounded off the coast of Gibraltar by the Royal Navy in July 2019, nominally on the grounds of breaching the oil embargo against Syria. (Numerous Russian ships doing the same have not been intercepted.) One could reasonably argue that, if this was an attempt to please Washington, it comprehensively backfired when the Iranian Revolutionary Guard Corps (IRGC) promptly seized the British-flagged Stena Imperio in the Gulf a few days later. Angry statements by the Foreign Secretary of the time, Jeremy Hunt, that this contravened international maritime law, fell on profoundly deaf ears and perhaps served only to underline London's weakness when it comes to confronting Iran. It was not the case, either, that the US Navy rushed to London's help. As Ilan Berman observed, the UK's increasingly painful balancing act between the strategic approaches of Washington and Brussels has arguably caused it to drop into a diplomatic crevasse.

The arrival of President Biden into the White House this year has perhaps offered a glimmer of hope that the Special Relationship can be placed back on a more stable footing. But most analysts

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<sup>199</sup> Aniseh Bassiri Tabrizi (2020, April 15). The Integrated Review: The UK's Iran Policy in a Changing Global Security Environment. *Royal United Services Institute (RUSI): Commentary*.



are circumspect about any improvements. It is true that the Biden administration has signalled its clear intention to approach the operating table on which the JCPOA is to be found and attempt to revive it. At the same time, he has had to balance this with continuing tough talk about Iran's nuclear aspirations, and the hawkish elements of the US media have already lambasted him for being weak on the issue and inviting so far dismissive responses from Iran<sup>200</sup>. It has to be remembered that Washington has its own complicated domestic political scene to balance on issues such as Iran: one of the very few things about Trump on which many Republicans and Democrats agreed was that Trump's uncompromisingly tough new policy towards Iran was a breath of fresh air and the only language that Tehran would understand. We should also remember that the Obama government – an administration in which Biden was firmly embedded – reflected in its infamous “pivot” towards the Asia-Pacific region a distinctly ambivalent attitude towards Europe and the Special Relationship. Therefore, just at the time that the UK may desperately need to revive its strategic relationship with the US following its decoupling from the EU, it may be that London just plummets into the widening gap between the two.

From a strategic point of view, London's narrative is perhaps helpfully outlined in the Integrated Review published at the beginning of 2021, entitled “Global Britain in a Competitive Age”. (“Competitive” is the new, carefully chosen word to describe geopolitical threats such as China.) Coming as it does at this difficult time of uncertainty for London post-Brexit and post-Trump, this strategic defence and security review is seen as a particularly important one. It has also been relatively favourably received as offering some clarity on the strategy.

On Iran, the narrative in “Global Britain” perhaps remains broadly as expected. The word “destabilising” is used several times to describe Iran's role in the region (equating it to North Korea and Russia in that respect); and this is taken as grounds for continuing to attempt to prevent Iran from acquiring a nuclear weapon. One could argue there is a touch of irony here, when the same document reveals the UK's intention to increase the limit at which its own nuclear capability will be capped, from 180 to 260 warheads.

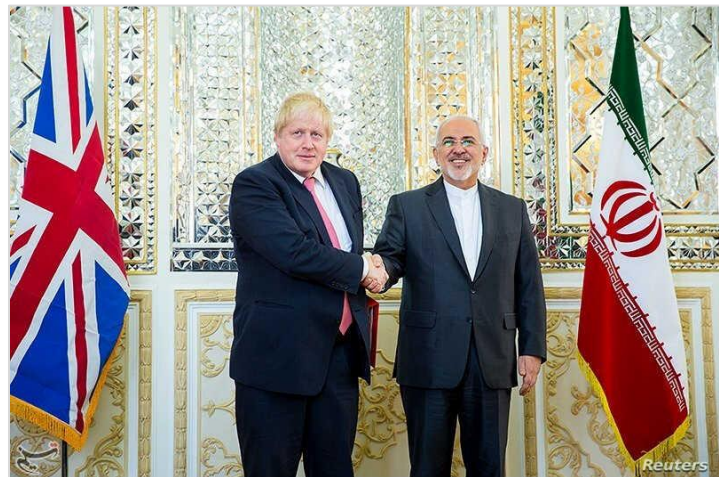
On Iran's nuclear aspirations, “Global Britain” clearly states the intention of wanting to pursue a diplomatic avenue rather than one of maximum pressure. The stated aim of “remaining open to

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<sup>200</sup> See for example: New York Post (2021, April 10). “Team Biden caves on Iran – and gets nothing in return”. Team Biden caves on Iran — and gets nothing in return (nypost.com)

talks on a more comprehensive nuclear and regional deal”<sup>201</sup> is a clear reference to a revived JCPOA process. In this way, while the UK has left the EU, it clearly wishes to continue working with it to revive the ailing deal.

In other ways, the regional strategy in the Middle East is less clear. The most significant reference to a regional strategy in “Global Britain” is described as an “Indo-Pacific Tilt”<sup>202</sup>, clearly echoing Obama’s aforementioned “pivot”. More specifically, there is reference to the need to contribute to keeping key maritime routes open and settled, which is oblique reference to tactical naval operations in such areas as the Malacca Straits and perhaps even the South China Sea. With that said, Operation Kiplon (a naval operation in the Indian Ocean and Persian Gulf) is referenced in the document, as are continued “thriving relationships in the Middle East and the Gulf based on trade, green innovation and science and technology collaboration”<sup>203</sup>. This means that Britain has no intention of leaving the shores of Iran, or of discontinuing political, military and economic relationships with key Arab partners in the Gulf region such as the UAE.



The other clear factor in “Global Britain” is that – perhaps not surprisingly – the EU is barely mentioned at all. Specific European partners such as Germany are mentioned, described as a “an essential ally, with which we have deep economic ties and a growing foreign policy partnership”<sup>204</sup>. There is also reference to diplomatic working within the “E3” group (namely UK, Germany and France), who have been the key European drivers of the JCPOA. But a lack of mention of Brussels is clear. Not only does this reflect a careful balancing act in London of continuing to work bilaterally and multilaterally with specific partners in the “European neighbourhood” outside of the framework of the EU, but it also arguably raises yet more questions

<sup>201</sup> HM Government (2021). *Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy*. London, HMSO, CP 403, p.85

<sup>202</sup> HM Government, *ibid*, p.66

<sup>203</sup> HM Government, *ibid*, p.6

<sup>204</sup> HM Government, *ibid*, p.61

about what the EU's own collective strategy and objectives should be on such complex and thorny issues as Iran.

If one were critical, the overall impression of “Global Britain” is an expression of a country that would like to consider itself a key and significant force on the global stage on a raft of issues, from mitigating the proliferation of WMDs, to policing the main waterways of the global economy and even ensuring action on climate change. But whether such lofty aspirations are backed-up by credible military or indeed diplomatic capabilities are open to question. Particularly on such questions as the UK's new “place in the world” following Brexit and political turmoil in Washington, one could argue there is a renewed environment of political and diplomatic confusion and doubt. Whether this amounts to an unravelling of “The West” as an entity, is a subject for debate, but there is no doubt that it offers dangerous opportunities for a disruptive power such as Iran to drive wedges between allies and partners and seize strategic advantage from the chaos. In many ways, the ability to revive a JCPOA-style process and establish a renewed episode of diplomatic, soft-power strategy in the Middle East will be a bellwether for determining the prospects of the international community for normalising its strategic approaches; and indeed for determining the power of states such as Iran to place itself inextricably between us.

## 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 percent and to limit uranium enrichment to 3.67 percent. 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	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 European Investment Bank dismissed the possibility of any European bank working with Iran
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 entered 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 - 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 would fail 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 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 to have quadrupled the rate of enrichment so that it would bypass the 300 kg 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 surpassed 300kg uranium enriched to 3.67%
18.07.2019	Iran	Statement	FM Javad Zarif expressed his readiness to meet with American senators and start talks
03.08.2019	France	Proposal	France offered a \$15 billion credit line if Iran accepted to comply with the nuclear deal; ensure security in the Gulf; start negotiations on regional security and on a post-2025 nuclear program
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	Imposed new sanctions on Iranian construction, mining, manufacturing and textile sectors
14.01.2020	EU	Dispute resolution	The FMs of France, Germany and 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	Sanctioned 13 foreign entities 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 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	Proposed infinite extension of the arms embargo on Iran. The resolution failed
20.09.2020	US	Statement	Claimed standing 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.



