

EU-Iran: The way forward

Can the JCPOA survive the Trump presidency?

SUMMARY

Two issues have dominated relations between the EU and Iran in recent years: the nuclear agreement known as the Joint Comprehensive Plan of Action (JCPOA) – including efforts to conclude it, followed by efforts to save it – and human rights concerns. Even though the European Union (EU) and Iran have worked together over the past two years to save the JCPOA, relations between the two have deteriorated. Iran accuses EU Member States of not standing up to pressure from the United States of America (USA) to isolate Iran and of not doing enough to save the JCPOA. The EU, for its part, is concerned about Iran's enrichment activities; growing tensions in the region and Iran's role in this context, including the provision of military, financial and political support to non-state actors in countries such as Iraq, Lebanon, Syria and Yemen; and its ballistic missile programme. In 2011, the EU put restrictive measures in place to react to serious human rights violations in Iran. These remain in force.

Nevertheless, the EU has continued to engage with Iran, in marked contrast to the USA. Following the US withdrawal from the JCPOA in May 2018, the Trump administration re-imposed wide-ranging sanctions on Iran and has since then pursued a policy of 'maximum pressure'. The declared goal of the maximum pressure campaign is to push Iran to negotiate a new agreement that would also address Iran's ballistic missile programme, end its support of militant groups in the region, and curb its foreign policy ambitions in western Asia. Instead, the US policy of maximum pressure on Tehran has led to an escalation of tensions in the Persian Gulf region, with potentially direct consequences for Europe. With Iran continuing uranium enrichment to levels far exceeding the levels permitted under the JCPOA, and with the USA threatening to trigger the re-imposition of United Nations (UN) sanctions against Iran, further escalation is likely.

Security in the EU is linked to the security situation in western Asia. For that reason, Europe should maintain efforts to preserve the JCPOA and seek to reduce tension between Iran and the USA.



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Policy framework for EU-Iran relations

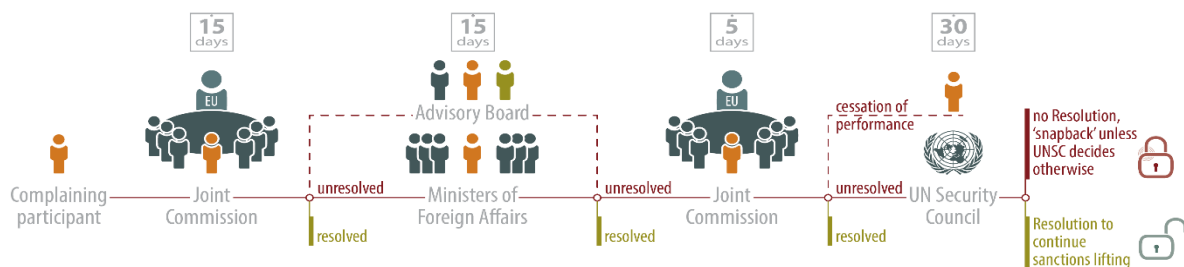
On 4 February 2019, the Council of the EU adopted [conclusions on Iran](#). These provide a summary of the issues that are currently at the core of the EU's relationship with Iran. The Council expressed its **resolute commitment to and continued support for the Joint Comprehensive Plan of Action (JCPOA)**, noting its deep regret regarding the re-imposition of sanctions by the USA. The Council emphasised its support for the **development of EU-Iran relations in areas of common interest** (as defined in April 2016), including political dialogue; human rights; economic cooperation; trade and investment; agriculture; transport; energy and climate change; civil nuclear cooperation; environment; civil protection; science, research and innovation; education, including through university exchanges; culture; drugs; migration; regional issues; and humanitarian cooperation. At the same time, the Council expressed **concern at the growing tensions in the region and Iran's role in this context**, including the provision of military, financial and political support to non-state actors in countries such as Syria and Lebanon. Regarding **Yemen**, the Council called upon all parties in the region, including Iran, to support the implementation of UN Security Council (UNSC) resolution 2451 and to work constructively towards a lasting political solution to the conflict under UN leadership. The Council also expressed concerns about **Iran's ballistic missile activity** and called on Iran to take all the necessary measures to respect all relevant UN Security Council resolutions on the issue. The Council also expressed its concern over the **hostile activities** that Iran has conducted on the **territory of several EU Member States** and urged Iran to end such unacceptable behaviour immediately. The Council also remains seriously concerned about **the human rights situation in Iran**. Finally, the Council called on Iran to play a constructive role and not to **stoke tensions** in the region with 'unhelpful rhetoric'.

The Joint Comprehensive Plan of Action (JCPOA)

In July 2015, Iran and the E3/EU+3 (France, Germany, the United Kingdom (UK) and the EU plus China, Russia and the USA) signed the JCPOA, a landmark agreement to ensure the peaceful nature of Iran's nuclear programme in exchange for the termination of restrictive measures against Iran. Following certification by the International Atomic Energy Agency (IAEA) that Iran had complied with its nuclear dismantlement commitments, implementation of the JCPOA commenced on 16 January 2016. On that day, known as Implementation Day, all nuclear-related UN, US and EU sanctions on Iran were lifted. However, President Trump, who took office in January 2017, has consistently called the JCPOA 'a terrible deal'. On 8 May 2018, President Trump announced that the USA was leaving the nuclear deal with Iran and would (re)-impose sanctions. [US sanctions](#) block American firms from doing business in Iran, and bar foreign firms that do business with Iran from accessing the entire US banking and financial system. Companies that violate the sanctions also risk huge fines. US sanctions have had a very [serious impact](#) on the Iranian economy. In response to [US secondary sanctions](#), the EU has put several measures intended to offset their effect in place. These include an update of [Regulation \(EC\) 2271/96](#), known as the '[Blocking Regulation](#)', the extension of the [European Investment Bank's lending mandate to Iran](#) and, most recently, the creation of INSTEX, a Special Purpose Vehicle to facilitate sanctions-exempt trade with Iran. Iran has deemed these measures insufficient to offset the effects of sanctions, which the US government continues to tighten. Considering that the expected economic benefits of the JCPOA were an essential condition for its agreement to limit its nuclear activities, Iran announced in July 2019 that it was [reducing](#) its commitments under the JCPOA. On 20 May 2020, the [IAEA reported](#) that Iran's total stockpile of low-enriched uranium amounted to 1 571.6 kilograms, significantly above the limit of 300 kilograms set by the JCPOA. The IAEA further reported that Iran has been continuing to enrich uranium to a purity of up to 4.5 %, higher than the 3.67 % allowed under the JCPOA. Iran is also exceeding the agreement's limitations on storing heavy water. [According to the IAEA](#), Iran is now in violation of all the restrictions agreed in the JCPOA. The E3/EU have repeatedly stressed their support for the continued full and effective implementation of the JCPOA by all sides. Russia and China have likewise expressed their unwavering support for the agreement. Nevertheless, in January 2020, in

light of Iran's decision to resume uranium enrichment to levels prohibited under the JCPOA, France, Germany and the UK decided to invoke the [agreement's dispute resolution mechanism](#). This move might ultimately lead to the re-imposition of UNSC sanctions on Iran. However, the European parties to the JCPOA have not followed the [time limit](#) set out in the JCPOA for the resolution of disputes, and the matter is currently on hold to allow for [further negotiations](#). Experts believe that the mechanism was partly triggered to '[buy time](#)', in the hope that a new US administration might take a more favourable position towards Iran and re-engage with the JCPOA as of January 2021.

Figure 1 – Dispute settlement under the JCPOA



Source: EPRS.

United States pressure to extend the conventional arms embargo

In the meantime, however, the current [US administration](#) has announced that it is seeking to extend the [UN embargo](#) that currently blocks Iran's ability to import and export conventional arms.

UN conventional arms embargo on Iran

In 2006, the UNSC began to adopt a series of resolutions imposing increasingly tough sanctions on Iran. This was part of an international effort to pressure Iran into multilateral talks to curb its nuclear programme and prevent it from acquiring nuclear weapons. During negotiation of the JCPOA, Iran [argued](#) that the conventional arms embargo – which prohibits the sale to Iran of battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems – ought to be lifted immediately upon implementation of the nuclear deal. Russia and China reportedly supported that effort. The USA was in favour of retaining the embargo and negotiated the five-year extension, which is reflected in Annex B, Paragraph 5 of UNSC Resolution 2231. The five-year extension started on Adoption Day, 18 October 2015, and will expire in October 2020, unless UN sanctions on Iran are 'snapped back' into place.

Following the signing of the JCPOA on 14 July 2015, the UNSC unanimously adopted [Resolution 2231](#), endorsing the JCPOA, on 20 July 2015. In addition to endorsing the JCPOA, Resolution 2231 provided for an extension of existing UN restrictions on conventional arms sales to Iran until October 2020 – when they are set to expire. The US administration is determined to find a way to keep the conventional arms embargo in place.

The US administration has started to circulate a [new resolution](#) in the [Security Council](#) that would renew the ban on exports of conventional arms to Iran after the current ban expires in October 2020. The US administration [has threatened](#) to invoke the 'snap back' to UN sanctions against Iran that were in place prior to the JCPOA if the UNSC does not endorse this resolution. For this purpose, the USA is [arguing](#) that it is still legally a party to the JCPOA, despite withdrawing from the accord in 2018 (see box below: 'Re-imposition of sanctions').

Russia and China have ridiculed the US threat to trigger a return of UN sanctions lifted under the JCPOA as '[irresponsible](#)'. The remaining members of the UNSC, France and the UK, will also have to decide whether to support or oppose the US initiative for a new resolution. Among the range of options under discussion is a '[double restraint](#)' formula, whereby the P5+1 (the five permanent members of the UNSC plus Germany) would let the arms embargo expire, but [agree to refrain](#) from transferring certain weapons to Iran. According to separate reports, a [compromise](#) pursued by

French, German and British diplomats seeks to put some limits on any potential arms trade with Iran, but for a limited duration.

Iran [has called](#) on the other P5 members (France, the UK and particularly China and Russia) to derail the US initiative to extend the arms embargo. The EU High Representative/Vice-President, Josep Borrell, has [dismissed](#) US claims that it can still trigger the 'snap back' mechanism, pointing to the 2018 US administration withdrawal from the JCPOA. Experts have suggested that the lifting of the embargo is the reason for Iran to ['keep one foot in the deal'](#), rather than give in to domestic hard-line pressure to withdraw. Iran has promised a ['crushing response'](#) if the arms embargo is extended and has made clear that it will withdraw from the JCPOA if any state attempts to pursue a 'snap back' of sanctions at the UNSC. Some experts have [suggested](#) that the current US administration is pursuing this issue partly to ensure that a new US administration cannot 'revive' the JCPOA. The [EU's supplementary arms embargo](#) on Iran is scheduled to remain in place until [2023](#).

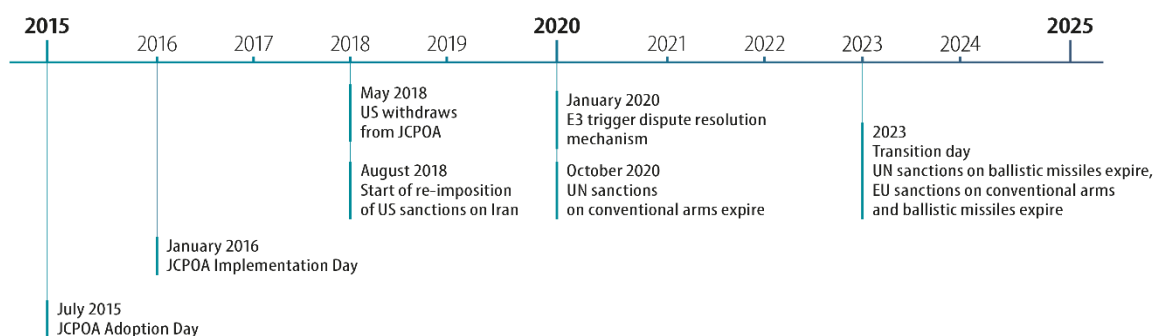
Safeguards obligations under the Non-proliferation Treaty (NPT)

At the same time, concerns are growing that Iran may not be complying with its [safeguards obligations](#) under the [Treaty on the Non-proliferation of nuclear weapons](#) (NPT). Iran's NPT obligations are separate and legally independent from Iran's commitments under the JCPOA. Iran ratified the nuclear NPT in 1970. Article III of the treaty requires non-nuclear weapon states parties to the NPT to accept comprehensive IAEA safeguards; Tehran concluded a [comprehensive safeguards agreement](#) with the IAEA in 1974. The [comprehensive safeguards agreement](#) gives the IAEA the right to ensure that safeguards are applied on all nuclear material under Iranian state control, to verify that such material is not diverted to nuclear weapons or other nuclear explosive devices. Over recent months, Iran has refused to provide information to the IAEA to allay fears that the country's declaration of its nuclear materials and activities may be [incomplete](#). Iran denies these [allegations](#). In the [first criticism](#) of Iran in eight years, the IAEA has called on Iran to permit access to two sites suspected of having been used as part of Iran's nuclear programme in the past, and to cooperate fully. In addition to concerns about Iran's non-compliance with the JCPOA and the NPT safeguards agreement, fears are growing that Iran may follow the example of North Korea and [leave the NPT](#) altogether.

Re-imposition of UN sanctions

The IAEA referred the issue of Iran's nuclear programme to the UNSC in 2006. The UN [gradually adopted restrictive measures](#) against Iran. These [far-reaching measures](#) isolated Iran financially and blocked its oil exports, harming the Iranian economy severely. Following the signing of the [JCPOA](#) in 2015, all non-proliferation related UN sanctions [were lifted](#). However, UNSC Resolution 2231, adopted in 2015 to endorse the JCPOA, included measures to ensure that any breach by Iran of provisions under the JCPOA would lead to the re-imposition of UN sanctions, without the need for a fresh UNSC resolution. Notification by **a single JCPOA participant state** of Iran's non-compliance is enough to trigger sanctions. By extension, [EU sanctions](#) lifted under the JCPOA would also come back into effect. The re-imposition of UN and EU sanctions would be additional to the [comprehensive sanctions regime](#) that the USA unilaterally (re-)imposed in 2018.

Figure 2 – Iran timeline (extract)



Source: EPRS.

Developments in EU-Iran relations since 2016

Following signature of the JCPOA in 2015 and the lifting of all nuclear-related UN and EU sanctions on Iran in January 2016, expectations were high for a new era of engagement with the country. In 2015, the EU set up a special [Task Force for Iran](#), based at the European External Action Service (EEAS) headquarters in Brussels. The Task Force supports the EU High Representative in their role as coordinator of the Joint Commission responsible for overseeing the implementation of the JCPOA. It also coordinates and develops a coherent framework for bilateral engagement with Iran in close cooperation with the European Commission services. In April 2016, the former EU High Representative/Vice-President (HR/VP), Federica Mogherini, led a delegation of seven Commissioners to Iran, to explore areas of cooperation. The [joint statement](#) issued by the HR/VP and the Iranian Foreign Minister on the occasion of this unprecedented visit provided the framework for regular political consultation and practical cooperation in [priority sectors](#) for the EU. This EU-Iran sectoral cooperation takes place in the form of high-level visits, expert meetings, projects and policy dialogues. The two sides hold regular consultations at the level of the HR/VP and the Iranian Foreign Minister and meet regularly for a High-Level Dialogue at Deputy Minister/EEAS Secretary-General level. The current HR/VP, Josep Borrell, made his [first official visit to Iran](#) in February 2020, and the latest High-Level Dialogue took place in Tehran on [20 March 2020](#).

EU funding for Iran

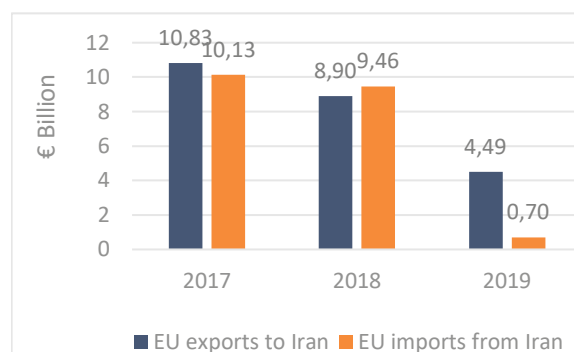
In 2018, the European Commission launched [bilateral cooperation](#) with Iran under the Development Cooperation Instrument (DCI). Iran is an upper-middle income country and would not normally receive bilateral aid under the DCI. However, the Commission adopted two sets of 'special measures', designed to 'underpin EU policy vis-à-vis Iran', which are intended to contribute to Iran's sustainable economic and social development. A first tranche of €18 million was released in 2018, to support the private sector, strengthen environmental protection and improve drug policy. A second tranche of €16 million was released in 2019, to combat environmental degradation and improve health services for the most vulnerable communities in Iran. EU-funded projects are implemented by international organisations, including the UN Development Programme (UNDP), the UN Office on Drugs and Crime, the World Health Organization (WHO), the UN Population Fund (UNFPA), and the UN Children's Fund (Unicef). The EU has also funded humanitarian projects in Iran targeting Afghan refugees. Other funds have gone to civil society organisations, to enhance their contribution to governance and development processes in the country.

The European Commission has also provided support to Iran in the area of [civil nuclear cooperation](#). In 2016, the EU allocated €5 million from the [Instrument for Nuclear Safety Cooperation](#) to Iran. In [April 2017](#), this led to the signing of the first-ever project for nuclear cooperation with Iran. The €2.5 million project aims at assisting the Iranian Nuclear Regulatory Authority in establishing a nuclear safety centre, developing a nuclear regulatory framework, conducting safety assessments and evaluating stress tests at Iran's sole nuclear power plant at Bushehr, also funded by the EU. Moreover, the European Commission has opened up its nuclear research programme for Iranian participation, and exchanges and visits of nuclear scientists have taken place. Until recently, civil nuclear cooperation with Iran in areas permitted by the JCPOA was [largely](#) exempt from US sanctions. The USA regularly issued sanctions waivers to allow Russia, China and European countries to continue to provide technical assistance to certain JCPOA-permitted aspects of Iran's nuclear programme. However, on 27 May 2020, the US administration [announced](#) the end of waivers that allowed countries to cooperate with Iran on civil nuclear projects, following a 60-day wind-down period. On 30 May 2020, the spokespersons of the EU HR/VP and the Foreign Ministries of France, Germany and the UK issued [a statement](#) expressing deep regret at the US decision to end the remaining three waivers covering key JCPOA nuclear projects in Iran.

EU Trade with Iran

The signing of the JCPOA, and the lifting of all nuclear-related sanctions, opened up the possibility of a gradual but substantive re-engagement with Iran, including as regards bilateral trade. Trade with Iran is subject to the general EU import regime, since Iran is not a member of the World Trade Organization (WTO) and there are no bilateral agreements between the EU and Iran. In 2016 and 2017, bilateral trade expanded significantly. In 2017, EU imports from Iran increased by 83.9 % and EU exports increased by 31.5 %. EU exports to Iran were mainly machinery and transport equipment, chemicals, and manufactured goods. Most EU imports from Iran were energy-related, with mineral fuels accounting for 88.7 %, followed by manufactured goods and food. In 2018, there was a slight decrease, due to the re-imposition of US sanctions and, in particular, the effect of US secondary sanctions. The picture changed dramatically in 2019, when, due to sanctions, total EU exports to Iran were down 50 %, while imports were down 92 % year-on-year.

Figure 3 – EU-Iran trade in goods (2017-2019)



Source: EPRS

Iran's regional role

Iran's influence in western Asia has grown very significantly over the past 20 years. The 'Shi'a crescent', extending Iranian influence from Tehran to Baghdad, Damascus and Beirut, gives Iran access to the Mediterranean and provides a route for Iranian weapon supplies to its proxies in Lebanon. Iran's growing role in the region began with the 2003 US invasion of Iraq and expanded during the civil wars in Syria and Yemen. Iran presents itself as a firefighter in a turbulent region, responding to crises and chaos in its immediate neighbourhood, and coming to the aid of historical allies. The country is also responding to its [own security needs](#), in a region that it perceives as '[dominated by powers with superior military capabilities](#)'. Iran has used proxies – the '[Popular Mobilisation Units](#)' in Iraq, Hezbollah in Lebanon and Syria, the [Houthis](#) in Yemen – to engage with its adversaries. The USA and its allies – Israel, Saudi Arabia and the United Arab Emirates (UAE) – see Iran's growing influence as a direct threat to their interests and security.

EU-Iran dialogue on regional flashpoints

In 2018, the EEAS, Germany, France, the UK and Italy (E4/EU) launched a [dialogue with Iran](#) on regional flashpoints. This dialogue started in early 2018, initially in the hope of stopping President Trump from pulling out of the JCPOA by responding to his concerns, which included Iran's role in the region. Iran agreed to political consultations on regional issues in this format. The E4/EU and Iran held five meetings in total, focusing on Yemen and briefly covering Syria. The talks have not so far produced any tangible results, but the process is considered important to maintain dialogue with Iran. Experts point out that the E4/EU talks are the only Yemen-related diplomatic platform involving Iran.

The full extent of Iran's strong influence in Iraq was confirmed recently through leaked Iranian intelligence reports. The documents provided evidence of 'Tehran's vast influence in Iraq, detailing years of painstaking work ... to co-opt the country's leaders, ... and infiltrate every aspect of Iraq's political, economic and religious life', turning Iraq into '[a gateway for Iranian power](#)'. Over the past year, the theatre of conflict between the USA and Iran moved to Iraq, leading to growing clashes between US forces and Iranian-backed paramilitary 'Popular Mobilisation Units' in Iraq. Attacks on the US embassy in Baghdad and the death and wounding of American personnel ultimately led to the [assassination](#), on 3 January 2020, of Iranian General Qasem Soleimani, the leader of the Quds force within the Islamic Revolutionary Guard Corps (IRGC). Iran retaliated by attacking two US bases in Iraq with missiles on 8 January. The strikes did not

cause any US casualties, and the USA did not retaliate. Experts are concerned that this may have only been the [beginning](#) of Iran's retaliation for the killing of the architect of its foreign policy in the Middle East and that tension between Iran and the USA in Iraq, or elsewhere, could still escalate into [open conflict](#).

After the 2011 [uprising in Syria](#), Iran came to the rescue of its long-time ally Bashar al-Assad. Iran still sees the survival of the Assad regime as crucial to Iran's interests in the region. Over the past nine years, Iran has remained an unwavering supporter of the regime and has widely expanded its [influence](#) in Syria. To prevent Iranian military entrenchment on Syrian territory and disrupt shipments of strategic weapons from Iran to Hezbollah, the Israeli military has struck Iranian and Hezbollah targets in Syria '[hundreds of times](#)' in recent years. Israel has declared that it is 'more determined than ever to act against Iran in Syria', and warned that Israel will step up its attacks if and when necessary.

Further to the west, in Lebanon, over the past 30 years Iran has helped to turn [Hezbollah](#) into the world's [most heavily armed non-state actor](#). The Shi'a Islamist militant group and political party was created in the early 1980s as a resistance movement, with the declared aim of expelling Israeli troops from southern Lebanon and destroying the Jewish state. The political wing of the group is a key [political actor](#) in Lebanon. The military wing, which the EU has designated a [terrorist organisation](#), is believed to hold up to [130 000 rockets and missiles](#), stationed in Southern Lebanon and Syria. Israel considers Hezbollah's military capabilities as the leading conventional threat facing the country. A number of scenarios could lead to escalation between Hezbollah and Israel, including Hezbollah's entrenchment in Syria.

In Yemen, Iran's [support](#) for the [Houthi movement](#) has drawn neighbouring Saudi Arabia, the UAE and several other Sunni Arab states into [an armed conflict](#) that has dragged on for the past five years, causing a [humanitarian catastrophe](#) among the local population. The Houthi movement (known formally as Ansar Allah), made up largely of Yemeni Zaidi Shia Muslims, rose to power following the 2011 uprising that forced Yemen's long-time president, Ali Abdullah Saleh, to relinquish power. Houthi forces have launched [hundreds of missiles and drones](#) across the border into Saudi Arabia, mostly at nearby military and civilian targets, but also at the capital, Riyadh. The armed conflict [escalated once more in 2020](#), after a brief lull in 2019, made possible by [Saudi-Houthi efforts](#) to de-escalate the conflict.

Iran's ballistic missile activity

Iran began developing [ballistic missile capabilities](#) during the 1980-1988 war with Iraq, during which the country found itself unable to retaliate against Iraq's superior military power. Tehran considers ballistic missiles a crucial means of deterrence. The possible threat posed by Iran's ballistic missiles stems primarily from their potential connection to its nuclear programme, since [ballistic missiles](#) can carry nuclear weapons. When negotiations over Iran's nuclear programme began in 2013, attempts were made to include ballistic missiles in a final agreement, but Iranian opposition to the idea was too strong. The JCPOA does not mention Iran's ballistic missile programme, but instead mandates that the matter be regulated in a new Security Council resolution. Endorsing the JCPOA, UNSC Resolution 2231 called for an eight-year moratorium on 'any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology'. The [expectation](#) was that Iran would suspend missile testing for eight years. When Iran tested a series of ballistic missiles in 2016, this was seen as 'threatening the constructive spirit of the JCPOA', and by the USA as a violation of Resolution 2231. Since July 2015, Iran has [launched](#) nearly 60 missiles and space launch vehicles (SLVs).

On 22 April 2020, Iran launched its [first military satellite](#) into orbit, in the context of the Islamic Revolutionary Guard Corp's (IRGC) space programme. Iran has launched satellites into orbit in the past for communications and remote sensing purposes, but this was the first in the military programme. The US administration condemned the launch and said it proves that Iran's space

programme is 'neither peaceful nor entirely civilian'. While SLVs and ballistic missiles have different technical requirements and trajectories, they share features, raising fears whether the technology used to launch the satellite could help Iran develop intercontinental ballistic missile.

Hostile activities on the territory of several EU Member States

On 9 January 2019, the EU [imposed sanctions](#) on an Iranian intelligence service and two Iranian nationals, by placing them on the [terror sanctions list](#). The measure freezes the assets of the Directorate for Internal Security of the Iranian Ministry for Intelligence and Security and of two named individuals. The EU adopted the measures in response to a series of assassination plots on European soil attributed to Iran. According to the French government, the intelligence unit and the two individuals were involved in a [planned bombing](#) of an Iranian opposition group at a meeting near Paris in June 2018. Denmark has also accused Tehran of being behind the attempted assassination of an Iranian dissident in Denmark, while the [Dutch government](#) has accused Iran of being responsible for the murder of two Iranian dissidents in the Netherlands.

In January 2018, [German police](#) conducted searches of homes and businesses belonging to 10 suspected Iranian spies, believed to have spied on potential Israeli and Jewish targets in Germany. All 10 individuals were believed to be members of the al-Quds Brigade, the external operations arm of the IRGC. Also in January 2018, [news emerged](#) that Germany had summoned Iran's ambassador in Berlin to warn Tehran against spying on individuals and groups with close ties to Israel, after a Pakistani man was convicted of spying on a German politician, who headed the German-Israel Friendship Society, for Iran.

Human rights situation in Iran

The EU has been concerned about the human rights situation in Iran for years. Iran has signed up to several international human rights treaties and the protection of fundamental rights is anchored in the country's [constitution](#). Nevertheless, according to [Amnesty International](#) and [Human Rights Watch](#), the human rights situation continues to deteriorate. Since 2014, the country has executed more than 2 500 persons, including juvenile offenders. In 2019, Iran's judiciary dramatically clamped down on peaceful dissent, sentencing scores of human rights defenders to decades-long prison sentences, including prominent human rights lawyers. Domestic security agencies continue to suppress civil society activists, among them environmentalists, including through reported abuse and torture in detention. In December 2019, the HR/VP, speaking on behalf of all 28 EU Member States, condemned the '[disproportionate response](#)' of the Iranian security forces in reaction to widespread protests that erupted in Iran following a sharp [increase in petrol prices](#). [Hundreds](#) are believed to have been killed, and thousands arrested.

In 2011, the EU put [restrictive measures](#) in place, in response to serious human rights violations in Iran. Travel restrictions and an asset freeze were introduced with respect to persons 'complicit in or responsible for directing or implementing grave human rights violations in the repression of peaceful demonstrators, journalists, human rights defenders, students or other persons who speak up in defence of their legitimate rights'. Restrictive measures can also be imposed against those who are 'complicit in or responsible for directing or implementing grave violations of the right to due process, torture, cruel, inhuman and degrading treatment, or the indiscriminate, excessive and increasing application of the death penalty, including public executions, stoning, hangings or executions of juvenile offenders in contravention of Iran's international human rights obligations'. On 23 March 2012, in view of the gravity of the human rights situation in Iran, additional restrictive measures were introduced, namely an embargo on equipment which may be used for internal repression and on equipment that may be used to monitor or intercept internet and telephone communications on mobile or fixed networks. These measures have been extended on an annual basis ever since. On 7 April 2020, the Council extended these measures until 13 April 2021. They consist of a travel ban and an asset freeze against 87 people, as well as a ban on exports to Iran of equipment that might be used for internal repression and for monitoring telecommunications.

Unhelpful rhetoric

On several occasions over the past few years, the EU has expressed concerns about growing tensions in the Middle East region. In its [conclusions](#) on Iran adopted in November 2016, the Council voiced its support for measures to promote a more constructive regional environment. The Council stressed that Iran played an important regional role, highlighting that it was of 'utmost importance' for Iran to take 'tangible and constructive steps' to improve the regional situation. The EU called on all countries in the region to work towards de-escalation of tensions and to avoid actions that feed violence, sectarianism and polarisation. In its conclusions, adopted on 4 February 2019, the Council called once more upon all regional actors to play a constructive role and to avoid unhelpful rhetoric.

EU-Iran relations have been particularly strained by statements against Israel. Since the Islamic revolution in 1979, the speeches of Iranian leaders have often targeted Israel. Iranian Supreme Leader Ayatollah Khamenei called Israel a '[fake state](#)' in February 2017. On more than one occasion, he has called for a [Muslim jihad](#) against [Israel](#). Former President Ahmadinejad repeatedly called for Israel's destruction. During the UN General Assembly in September 2017, President Rouhani several times referred to the Israeli government as a '[rogue Zionist regime](#)'. Most recently, on 22 May 2020, [Ayatollah Khamenei](#) called Israel 'a cancerous tumour in the region' that must be removed. His remarks were delivered during a televised speech to mark the occasion of Jerusalem Day, which Iranians have celebrated every year for the past 40 years on the last day of Ramadan, to show [solidarity](#) with Palestinians and [denounce Israel](#). On behalf of the EU, the EU HR/VP [strongly criticised](#) the threatening remarks, calling them 'totally unacceptable', 'a deep source of concern', and 'incompatible with the objective of a stable and peaceful Middle East region pursued by the EU'.

Escalating tension between the USA and Iran

There has been an [alarming increase](#) in [tensions](#) between Iran and the USA over the past year. The Trump administration's 'maximum pressure' campaign, following its withdrawal from the JCPOA, was intended to bring the Iranian economy to its knees and force Iran to negotiate a new, more comprehensive agreement with the USA. President Trump administration's [criticism](#) of the JCPOA has focused on alleged shortcomings in the inspections regime, the absence in the agreement of provisions targeting Iran's ballistic missile programme and the 'sunset clauses'. However, instead of entering new negotiations, Iran has opted for defiance. In June 2019, Iran shot down a US drone that it claimed had entered Iranian airspace. A series of attacks on tankers around the Strait of Hormuz have been attributed to Iran. The USA has accused Iran of encouraging its Shiite militia allies in Iraq to target US assets. In the boldest attack yet, [Iran](#) launched a rocket attack on two major oil facilities in Saudi Arabia in September 2019. In January 2020, when the USA assassinated General Soleimani, Iran responded with missile strikes on US troops in Iraq.

Experts consider that the Gulf and Strait of Hormuz provide the most likely '[arena](#)' for the USA and Iran to clash. Of the world's crude oil trade by sea, 30 % passes through the Strait of Hormuz every day. The US and Iranian navies have nearly come to blows several times over the past few years. In response to the latest incident, on 22 April 2020, President Trump [directed the Navy](#) to 'shoot down and destroy' Iranian gunboats that 'harass' US ships. It was the most direct threat of military action against Iran since January, when Trump ordered the killing of Qasem Soleimani and Iran retaliated with attacks that harmed US forces.

In July 2019, the USA launched a [maritime security initiative](#), to promote freedom of navigation and maritime security around the Strait of Hormuz. The UK joined the [initiative](#), but EU Member States declined. However, in January 2020, eight EU Member States – Belgium, Denmark, Germany, Greece, Italy, the Netherlands and Portugal – launched their own [European Maritime Situation Awareness mission in the Strait of Hormuz](#) (EMASOH, based in Abu Dhabi). EMASOH is [independent of but complementary](#) to the US-created international maritime security force in the Gulf. The aim of the mission is to ensure a safe navigational environment through the strategic waterway by providing maritime situational awareness, coordination and information-sharing among all stakeholders

operating in the area – military or civilian. The aim is also 'to foster de-escalation and to complement vital diplomatic efforts for regional stability and dialogue'.

Coronavirus

Iran was hit hard by the Covid-19 crisis very early on in the global pandemic, with the first cases identified on [19 February 2020](#). Iran has emerged as the [worst-affected country in the Middle East](#), putting the public health system under extraordinary strain. In March 2020, Iran's health ministry said that one person died from coronavirus every 10 minutes and 50 were infected every hour. By 12 June 2020, there had been 180 000 confirmed cases and 8 584 deaths. Researchers [estimate](#) that under the worst-case scenario, up to 3.5 million Iranians could die of the virus. Sanctions have limited Iran's ability to import medicine and medical devices. Even before the coronavirus outbreak, human rights organisations [reported](#) that US sanctions were 'causing unnecessary suffering to Iranian citizens afflicted with a range of diseases and medical conditions'. Banks have reportedly [refused to allow transactions](#) around the sale to Iran of testing kits, ventilators and other respiratory equipment. Moreover, sanctions are draining Iran's resources and depriving it of income from the sale of oil. The EU HR/VP has [emphasised](#) the importance for the EU of ensuring that sanctions 'do not obstruct the global fight against Covid-19', and has called on other jurisdictions such as the USA to do likewise. The HR/VP has [warned](#) that Iran and Venezuela could collapse without EU support, and promised to back their bid for International Monetary Fund (IMF) assistance. In March 2020, Iran [asked the IMF](#) for US\$5 billion emergency funding to fight the coronavirus. The US administration [blocked the request](#), a move that the EU HR/VP [has criticised](#). The HR/VP stressed that the EU needed to make sure that legitimate humanitarian trade with Iran could proceed despite US sanctions. EU sanctions on Iran do little to impede the trade in medicines and medical equipment. They consist of travel bans and asset freezes, as well as a ban on exports to Iran of equipment that might be used for internal repression and equipment for monitoring telecommunications. This is very different from [US sanctions](#), which have a direct impact on Iran's ability to import medicines, medical equipment and the raw materials needed to produce some of these goods in Iran. Even though medical and other humanitarian goods are exempt from US sanctions, sanctions still apply to the financial, shipping and insurance services that are required for international trade. In March 2020, the US government offered some humanitarian aid to Iran, but Iran [refused the offer](#), calling instead for the lifting of US sanctions. The US administration published revised [public sanctions guidance](#) to help foreign companies to proceed with sales of humanitarian items to Iran. However, rather than offering sanctions relief, it imposed [new sanctions](#) in March 2020. There have been calls for Europe to [bolster the trade of drugs](#), medical products and foodstuff through INSTEX, and to use it to channel the US\$5 billion loan Iran requested from the IMF. Experts stress that the Iranian healthcare sector overwhelmingly depends on European medicine and medical devices, the result of long-standing relations with European suppliers. Experts also warn of the socio-economic consequences, pointing out that, following two years of recession linked, inter alia, to the pressure created by US sanctions, the Iranian government will not be able to 'afford the type of economic stimulus packages that governments across the globe have implemented to reduce the impact of lockdowns'. The EU has provided €20 million in [humanitarian aid](#) to Iran to help alleviate the coronavirus crisis.

Instrument in Support of Trade Exchanges (INSTEX)

Germany, France and the UK – in close cooperation with the EU – created a Special Purpose Vehicle (SPV) in [January 2019](#), in an attempt to ensure that EU companies could continue to trade with Iran despite US secondary sanctions. INSTEX was designed as a barter system, using a credit account or 'virtual ledger' for EU companies to offset balances, allowing them to exchange goods with Iran in a way that does not involve the direct transfer of money. Established as a private limited company under French law, the idea was that INSTEX would provide European banks and companies with a trade channel for Iran-related business insulated from US sanction. On 31 March 2020, Germany, France and the UK [announced](#) the first successful [transaction](#), where a German exporter used the

mechanism to receive payment for the sale of medication worth €500 000 to an Iranian private sector importer.

It has taken a lot longer than expected for INSTEX to process its first transactions. This has been attributed both to (technical) issues related to the Iranian counterpart and to the threat of US punitive sanctions. The US has explicitly warned European businesses, government officials and INSTEX staff, that their '[Iran workaround](#)' could face sanctions. The scope of INSTEX has been scaled back to focus on humanitarian goods that are not subject to US sanctions, such as pharmaceutical, medical devices and agri-food goods. Given the reluctance or outright refusal of European [banks](#) to engage in any financial transactions with Iran, it was envisaged that INSTEX could at least alleviate restrictions on sanctions-exempt [trade](#). In reaction to the first INSTEX transaction, the US Embassy in Berlin issued a [statement](#) indicating that the US would consider transactions involving goods that are not subject to sanctions as 'not problematic'. However, the statement noted that the USA would pursue any sanctionable activities. In 2019, US criticism of INSTEX had been much stronger, accusing the instrument of circumventing US sanctions.

INSTEX could be used to maintain humanitarian trade with Iran, especially in the context of the ongoing health crisis provoked by the coronavirus. The instrument is now fully operational, but it is still unclear when the next transaction will take place. European companies are clearly reluctant to use this official channel for their remaining trade with Iran, and run the risk of falling foul of wide-ranging US secondary sanctions. A [Swiss humanitarian channel](#) approved by the US Department of State faces similar constraints because companies are required to disclose their business activities and partners in Iran to US authorities. In addition to the three founding members, six other [European countries](#) – Belgium, Denmark, Finland, the Netherlands, Norway and Sweden – announced that they were joining INSTEX as shareholders on 1 December 2019.

Outlook

Iran and its proxies in Yemen, Iraq, Lebanon and Syria have the power to seriously destabilise western Asia. It is likely that the entire region would be drawn into any [military confrontation](#) between Iran and the USA, or Israel. Iranian [involvement](#) in [attacks](#) on two major oil facilities in Saudi Arabia in September 2019 demonstrated that Iran has the military capacity to wreak havoc in the region and beyond. The attacks severely disrupted production, temporarily nearly halving Saudi Arabia's output of 9.7 million barrels a day and reducing daily global oil supply by 5 %. Any retaliatory strikes could have led to a major escalation in the region. The region is already witnessing multiple conflicts. Any escalation could potentially trigger a new refugee crisis. In a direct [threat to Europe](#), Iran has already warned that the deepening economic crisis in the country might force it to deport three million Afghan refugees living in Iran. Iran has indicated that it may no longer be able to afford to host this large refugee population. Already, more [Afghans than Syrians](#) have migrated to the European Union in 2020, and the number is expected to double next year. Iran has also issued direct threats against European soldiers deployed in the Middle East, [warning](#) that they 'may be in danger' after Britain, France and Germany triggered the dispute resolution mechanism under the JCPOA. [Europe](#) has learned over the past decade that its security is intimately linked to that of western Asia and North Africa. Given US hostility to Iran, many experts see an important role for Europeans in reaching out to Iran, in an effort to save the JCPOA (or secure a follow-up agreement), fostering de-escalation between Iran and the United States and reducing tension in the region. The outcome of the upcoming US elections will be crucial to determining the shape and scope of future EU policy on Iran. The author of one paper [calls for revisiting](#) French President Emmanuel Macron's 2019 proposal, which nearly led to a political breakthrough, and which would have given Iran access to a US\$15 billion credit line in return for the country engaging in multilateral talks and reducing its nuclear activities beyond the restrictions imposed by the JCPOA. The author of [another paper](#) has called on Europe to 'institute a paradigm shift in its relations with Iran' – for a move 'away from a country-specific policy focused on non-proliferation', towards 'a Gulf strategy that accounts for the Islamic Republic's ties with its neighbours'. After the US-Iranian escalation in Iraq in January 2020,

[EU foreign ministers](#) mandated the HR/VP to talk to all parties to help de-escalate tensions in the region, support political dialogue, and promote a political regional solution. According to this expert, the key to lessening tensions is to bring all sides to the table to voice their concerns and agree on reciprocal measures – rather than focus on one country, as the USA is doing with Iran. Some Gulf countries are reported to be making '[cautious diplomatic overtures](#)' to Iran. Other experts believe that Europe has the possibility to [return credibility](#) to the JCPOA by 'countering the demonisation of the Islamic Republic', and by openly refusing to support any US military action or plans for regime change in Iran so long as the JCPOA, the sign of dialogue with Iran, is alive'.

The European Parliament

In October 2016, the European Parliament (EP) adopted a [resolution](#) on the EU strategy towards Iran after the nuclear agreement, by an overwhelming majority. The resolution praised the JCPOA as 'a notable achievement for multilateral diplomacy, and for European diplomacy in particular' that would allow for re-engagement with Iran. The Parliament has been actively involved in parliamentary diplomacy with its Iranian counterpart – the Majles – and Iranian political figures. In November 2015, then EP President Martin Schulz led an EP delegation to Iran to meet Iranian President Hasan Rouhani and other officials. In February 2016, the Iranian Foreign Minister, Mohammad Javad Zarif, visited the Foreign Affairs Committee (AFET) of the European Parliament. On 23-24 January 2018, a delegation of Iranian Members of Parliament visited the European Parliament in Brussels to discuss EU-Iran relations with the AFET Committee and the Delegation for relations with Iran (D-IR). The Deputy Foreign Minister, Kazem Sadjapour, also spoke during an AFET meeting in June 2018. In the context of the US decision to withdraw from the JCPOA, AFET conducted an unprecedented visit to Saudi Arabia, Kuwait and Iran in February 2018. In Iran, the Human Rights (DROI) Subcommittee joined the mission. The mission provided an opportunity to address the regional challenges with key parties and to call for de-escalation of tensions. The D-IR organises inter-parliamentary meetings (IPMs) with Iran on a regular basis. The 6th EU-Iran Inter-Parliamentary Meeting (IPM) took members of the delegation to Iran in November 2017. The 7th EU-Iran IPM meeting took place in Brussels in September 2018. In the past two years, Parliament has adopted several resolutions critical of human rights violations in the country. These include a [resolution](#) on the situation of imprisoned EU-Iranian dual nationals in Iran; two resolutions on [human rights defenders](#) in Iran, including one highlighting the case of [Nasrin Sotoudeh](#), a prominent human rights lawyer and winner of the 2012 Sakharov Prize; a [resolution](#) critical of the situation of women's rights defenders and imprisoned EU dual nationals in Iran; and a [resolution](#) on the violent crackdown on anti-government protests.

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