



## Striking the Right Balance with Iran

*From Sudan to Ukraine, crises brew, calling for renewed attention and action. In her introduction to the [Watch List 2023 – Spring Update](#), Crisis Group President & CEO Comfort Ero identifies ways the EU and its member states can prevent and resolve conflict around the globe.*

**R**elations between Europe and Iran are more fraught than at any time in years. Three main factors explain the friction: the impasse in negotiations over restoring the Joint Comprehensive Plan of Action (JCPOA), the 2015 nuclear deal, as Tehran continues to expand its nuclear activity; Iran's deepening military cooperation with Russia in the wake of its all-out invasion of Ukraine; and the regime's brutal crackdown on the anti-government protests taking place across the country since mid-September 2022. In parallel, the persistent tensions between Iran and its allies, on one side, and the U.S. and Israel, on the other, are trending in a worrying direction that could see tit-for-tat exchanges, notably in the Levant, escalate into a broader conflagration.

Amid all this turmoil, the European Union and its member states lack a clear overall direction in their Iran policy. For years, they have broadly pursued de-escalation between Iran and its various adversaries, notably by helping broker the nuclear agreement and striving to salvage it since the U.S. unilaterally withdrew from it, under President Donald Trump, in 2018. They have sought to address other serious concerns as well, for instance maintaining sanctions on Iran for its horrid human rights record, but they have largely tried to keep these policies separate from the tasks of saving the JCPOA

and calming Middle East tensions. In the last eight months, the regime's relentless assaults on protesters and supply of weapons to Russia have led the EU to shift tack somewhat. Nonetheless, it should try to reinvigorate its efforts to contribute to reducing frictions in the region – particularly at a time when relations between Tehran and its Gulf Arab rivals are improving – even as it keeps working to contain Iran on other fronts. Bad as the present situation is, a nuclear crisis leading to an armed escalation in the Middle East would be much worse.

### **The EU and its members states should:**

- Support the emerging rapprochement between Iran and Gulf Arab states as a path to greater regional stability. European initiatives that help advance technical dialogue on, for example, joint health and environment projects can foster confidence and potentially pave the way to talks on regional security cooperation.
- Continue to urge Tehran to stop deepening its military cooperation with Moscow, while reviewing the efficacy of restrictive measures on the transfer of drone and missile technology to Iran.
- Complement punitive measures aimed at

regime officials and organisations involved in human rights violations with proactive measures – specified below – that help ordinary Iranians, while keeping diplomatic channels open despite the multiplicity of friction points with the regime.

- Work to avoid the prospect of a peaking nuclear crisis by quietly conveying red lines to Tehran that keep the situation below a

threshold that might trigger either European snapback of UN sanctions that could prompt an Iranian withdrawal from the Non-Proliferation Treaty (NPT) or U.S. and/or Israeli military action while formulating viable diplomatic alternatives, such as a more limited arrangement capping Iran's most proliferation-sensitive activities, if efforts to revive the 2015 nuclear agreement remain stalled.

## Turmoil and a Timely Détente

Since September 2022, the Iranian regime's actions at home and abroad have significantly hardened European attitudes toward the Islamic Republic. Attention in Europe has shifted away from the nuclear issue, which had previously been the focus of European policymaking, toward Tehran's supply of arms to Moscow and its serial violations of Iranians' human rights amid nationwide anti-government protests.

One reason for Europe's tougher stance toward Iran is the deadlock in the nuclear talks. As the JCPOA's custodian, the EU has been deeply involved in efforts to keep the pact alive ever since the Trump administration put it in mortal peril by pulling the U.S. out of it. Europe was enthusiastic about President Joe Biden's plan to rejoin the JCPOA. The subsequent negotiations have come close to conclusion on more than one occasion, but they have been stagnant since September 2022, when Tehran rejected a proposal largely agreeable to the U.S., as well as the deal's remaining parties, namely Russia, China and the so-called E3 (France, Germany and the UK). In the meantime, Iran has stepped up its nuclear activities, which present a growing non-proliferation risk, with the estimated breakout time (the period for accumulating one weapon's worth of enriched uranium) below two weeks and international monitoring of facilities limited. In March, the International Atomic Energy Agency (IAEA) and Iran's atomic energy organisation agreed to work on improving IAEA access in light of increasing safeguards

concerns, but progress has been slight. The IAEA Board of Governors will meet next in early June, at which time Western governments could decide to call once again for a vote censuring Iran for non-compliance, ratcheting up tensions. Another flashpoint looms in October, when UN restrictions on Iran's ballistic missile program will expire. While the U.S. and the three European JCPOA signatories have reportedly discussed alternatives to the 2015 agreement should the diplomatic stalemate continue, there is no consensus among them on what those might be, much less concurrence from Russia and China – or Iran itself.

Tehran has additionally infuriated European capitals by reportedly shipping conventional weapons, including armed drones, to Russia for use in its war in Ukraine. While Iran denies sending (and Russia denies receiving) these weapons, Western governments believe that such transfers have occurred, that they violate UN restrictions, that Moscow has used the Iranian drones to hit civilian targets and that Tehran may get Russian armaments, notably advanced aircraft and missile defence systems, in return. European capitals have collaborated with Washington in efforts to curb the transfer of drones and warned Tehran not to give Moscow ballistic missiles, which so far it has not done.

The third reason for Europe's harder line is the human rights crisis in Iran. For the last eight months, the country has seen an explosion of deep-seated domestic discontent, to which

the regime has responded with a combination of severe repression and superficial tactical concessions. While the protests that began in September 2022 have diminished in scale and scope, the underlying social and political grievances, especially among women and youth, remain largely unaddressed. The economic hardship resulting from high inflation and unemployment could also fuel further unrest. Thus far, the leadership appears unwilling to take any of the structural measures that would help defuse the popular anger driving the protest movement, while remaining all too ready to rely on coercion to clear the streets.

The regime's harsh treatment of peaceful protesters, many of whom are women, has done great damage to European-Iranian relations. It has also mobilised Iranians in the European diaspora in an unprecedented fashion, increasing the pressure on elected officials to adopt a tougher line against the leadership in Tehran. For several EU member states, the concerns are all the greater because some of their own citizens are detained in the Islamic Republic's jails, with one Swedish-Iranian national recently executed and a German-Iranian citizen also facing the death penalty. The EU has responded to the human rights violations with seven rounds of sanctions since October 2022, the latest going through on 24 April. Member states have also used public messaging and international forums to hold the Iranian government to account.

There is a bright spot in this bleak tableau. Normalisation efforts between Iran and Saudi

Arabia, kicked off by a Chinese-mediated agreement in March, could help lower tensions in the Gulf, which have mounted in recent years as Iran and its local allies face off against Western-aligned governments. Warmer Iranian-Saudi relations, alongside Tehran's détente with other Gulf Arab capitals, could contribute to de-escalating the Yemen war and limiting threats to international shipping. They could also create space for regional security dialogue as well as better economic and technical cooperation on issues of mutual interest, such as public health and the environment.

Still, much about the regional picture is troubling. While the Iranian-Saudi rapprochement is a positive development, it is too soon to judge whether the two countries will be able to resolve all their disagreements, much less commence working together at the bilateral or sub-regional level. At the same time, Iran and Israel remain at daggers drawn in several theatres, notably over the advances in Iran's nuclear program and what Israel views as Tehran's support for, and coordination with, various groups in Lebanon, Syria and the Israeli-occupied Palestinian territories, notably Hamas and Hizbollah, that Israel sees as a threat. In the short to medium term, perhaps the best that can be anticipated between Iran and Israel is a highly unstable equilibrium punctuated by airstrikes, cyber operations and occasional covert action – more or less the status quo of recent years. At worst, however, nuclear and/or local triggers could lead to sudden and significant escalation.

## What the EU and Its Member States Can Do

To a certain extent, the reorientation in Europe's approach – away from the nuclear issue toward others – is overdue, but not if the resulting policy consists only of attempts to penalise Iran, a course Europe rightly criticised when the U.S. attempted it under Trump. Europe should also look for off-ramps and areas

of potential engagement. To this end, Brussels and member state capitals should make the most of their existing lines of communication with the Iranian government, including their diplomatic missions in the country, while concurrently pursuing strategic concerns through both coercive and constructive means.

The forward movement along the Saudi-Iranian diplomatic track offers an opportunity to re-engage Iran as part of a sub-regional effort to develop cooperation in areas of common interest, such as health and environmental projects. European initiatives that help advance technical dialogues between Iran and Gulf Arab states can foster confidence among long-time rivals and perhaps eventually mature into discussions about regional security cooperation.

The EU and its member states should send a consistent, coordinated message to Iran that it needs to stop deepening its military cooperation with Russia. In parallel, and in coordination with the U.S., they should pursue policies, including restrictive export control measures, that can limit access to components used in drone development and assist Ukraine in defending itself from these weapons more effectively. Though Tehran is unlikely to reverse course, especially as tensions with Washington remain elevated and the regime calculates that its strategic interests are best served by closer ties to Moscow, European actors retain influence, especially when speaking in concert, and an interest in avoiding a further deterioration in relations.

Regarding human rights violations, the EU and member states have raised the stakes for the regime with the seven sanctions packages, but they can do more to help Iranian citizens directly. Initiatives that support internet access, offer visas for at-risk Iranian activists and journalists, and provide financing for non-governmental or multilateral projects in fields such as women's rights, health and environmental

protection are all worthy of consideration if European actors want to make a positive difference on the ground.

Finally, Europe should persevere in trying to persuade Iran to halt its escalation on the nuclear front. Raising uranium enrichment levels, which are already perilously close to weapons-grade, or curbing international monitoring could precipitate an E3 move to restore pre-JCPOA UN sanctions, which could in turn prompt Iran to withdraw from the NPT. Avoiding this high-stakes standoff should be the minimum short-term objective. If Tehran does not allow UN inspectors greater visibility into its nuclear sites, as it agreed to do in March, Western governments may consider pressing for a censure resolution at the June IAEA Board of Governors meeting and referring Iran's non-compliance to the Security Council, again escalating the stakes. But the strategic predicament runs deeper: eight years after the nuclear deal was reached, half a decade after the U.S. withdrew from it and two years into unsuccessful efforts to revive it, the JCPOA appears unsalvageable. Yet no one has laid out a compelling alternative. The EU and E3 in particular should engage with the U.S. and other JCPOA signatories to develop credible fallbacks to the 2015 agreement if, as seems to be the case, efforts to restore it are unlikely to succeed. If nuclear diplomacy is in a "deep slumber", as the EU's senior diplomat puts it, Iran's nuclear activity is anything but at rest.