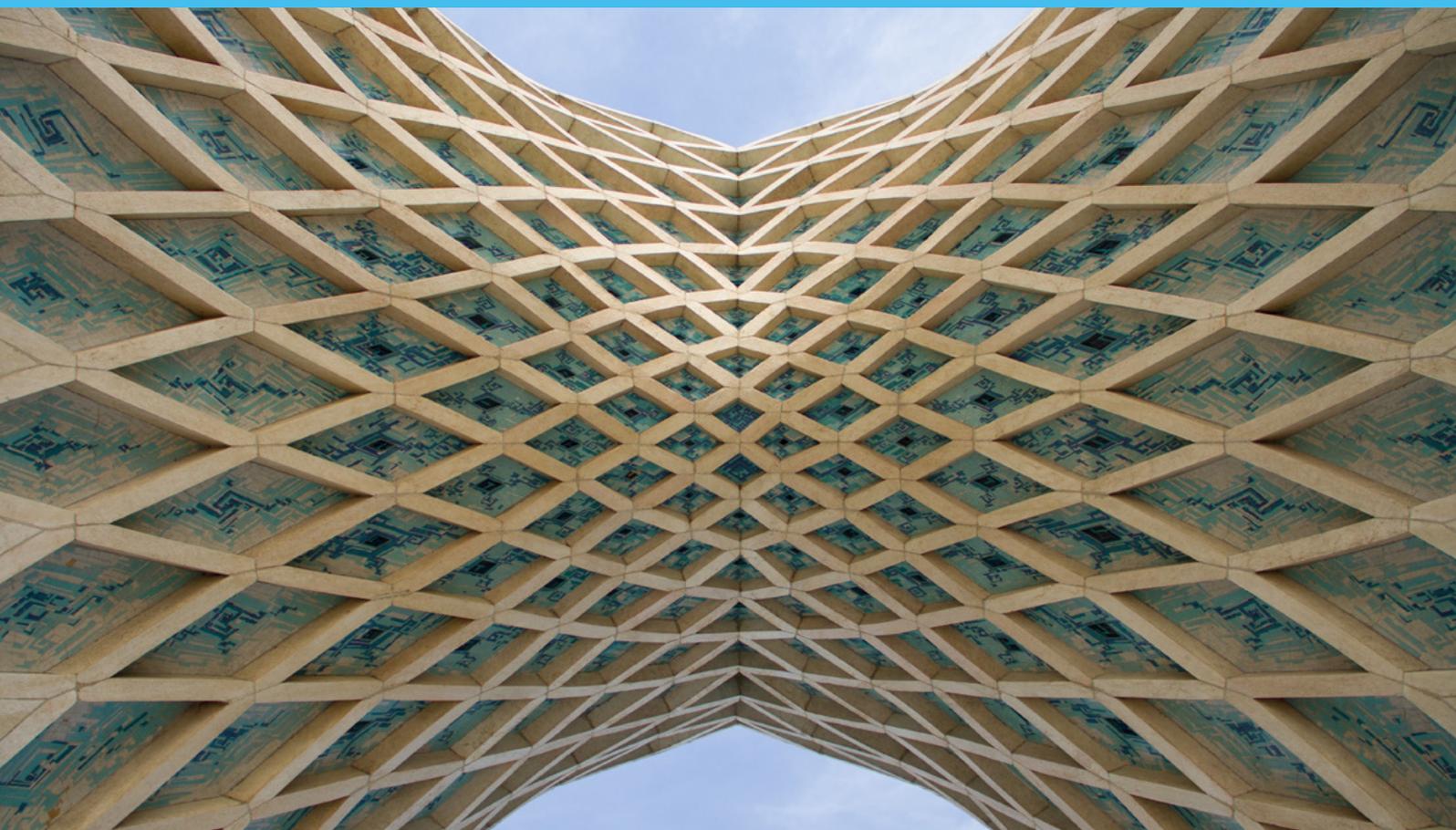


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# Unveiling Iran's new policy for the Middle East: regional power games?

Roundtable, online – 20 April 2022

EVENT REPORT



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## Introduction and context

Where does Iran see its future? Is it looking towards the West or more towards China and Russia for strategic partners? How can Iran, the United States and the European Union be brought back to the negotiating table? And what are Iran's nuclear ambitions?

These were some of the questions addressed by an audience of invited experts and decision-makers at the Friends of Europe online roundtable, entitled 'Unveiling Iran's new policy for the Middle East: Regional power games?', on 20 April 2022. The event, part of the 'Iran in Focus' series and held under the Chatham House Rule, was co-chaired by Negar Mortazavi, journalist, Host of the Iran Podcast and 2017 MENA Young Leader, and Dharmendra Kanani, Director of Asia, Peace, Security & Defence and Digital & Chief Spokesperson at Friends of Europe.

In recent years, Iran has sought to position itself as a key political, economic and cultural player in the Middle East and across the wider Muslim world. The new hard-line conservative President Ebrahim Raisi, elected last year, wishes to pursue closer cooperation with Iran's neighbours without compromising its own vested interests in the region.

Despite the sanctions currently placed upon the country, Iran has long developed a coping mechanism and strengthened its ties with China and Russia. However, it has not walked away from the so-called Iran deal, despite the US withdrawal in 2018.

Russia's invasion of Ukraine has complicated the geopolitical picture and brought pressure upon Iran's alliances – although Tehran has not yet condemned Russia's actions.

This leaves Iran at something of a crossroads. Will the country continue to look East and North to its new partners in Beijing and Moscow, or will it look West and seek a return to the negotiating table? Or will it continue to tread a tightrope between the two, whilst looking to build its regional power base?

## Nuclear deal "on life support"

Against this complex backdrop, a fundamental issue is the status of the so-called Iran deal – the Joint Comprehensive Plan of Action (JCPOA), which trades sanctions relief for curbs on Iran's nuclear ambitions – agreed in 2015 between Iran and the P5+1 (the five permanent members of the United Nations Security Council - China, France, Russia, the United Kingdom and the US - plus Germany) together with the EU.

In 2018, former US president Donald Trump withdrew from the JCPOA, and the deal now survives "on life support" between Iran and Europe. In his election campaign, President Biden pledged that the US would re-join the JCPOA – but, as yet, has not done so.

Blocking progress is Iran's demand for the Islamic Revolutionary Guard Corps (IRGC) to be removed from the US Foreign Terrorist Organizations (FTO) list.

It is clear that there remains a mutual distrust, which was only heightened by the killing of Iran's General Qasem Soleimani by a US drone strike in 2020, viewed by some as an 'illegal assassination' in violation of international law. At the time, Iran listed a

number of US officials it considered responsible. The Biden administration is seeking assurances that Iran will not retaliate.

Consequently, the overriding feeling is that the stalemate has led to a missed opportunity.

*“The beginning of the Biden administration coincided with the pro-diplomacy camp in Tehran for about six months – but negotiations didn’t start and that ‘golden window of opportunity’ was missed.”*

Meanwhile, Iran continues to develop its nuclear capabilities by enriching Uranium above limits agreed in the deal.

### More and better options

Reviving the deal is understood to be in Iran’s best interests, due to the variety of economic, political and diplomatic options that it brings to the country. This includes reaching new markets with its oil, particularly as countries are currently seeking to diversify their supply away from Russia.

*“The JCPOA is the lynchpin, we have to get back into the old deal to move forward; otherwise, the situation will deteriorate further.”*

Without it, Iran will have to continue building alliances with “the bad crowd”. Indeed, there was a common view that Iran would do well to distance itself from Russia.

One reason that the original JCPOA failed, it was suggested, is that there was no immediate impetus to build upon it and put efforts into regional de-escalation and stabilisation.

The JCPOA represents a soft pathway, through regulation and monitoring, to establishing a more cooperative and integrated Iran that is not in conflict with others in the region, rather than a more aggressive approach, such as containment and potentially regime change, which for some may still be on the table.

Another proposed view was to consider what Iran would have to lose from the failure of the JCPOA, not least sustained sanctions.

*“Sometimes the advantage can lie in not facing additional disadvantages.”*

### Looking East

In spite of this, Iran may continue to look elsewhere for strategic partnerships. What would the country gain from turning its back on those who have supported it, for example, throughout the COVID-19 crisis or economically in sustaining oil prices?

*“Iran has been able to reach an equilibrium under sanctions [...] It has developed a lot of coping mechanisms and will continue to do so, whether it returns to the JCPOA or not.”*

Iraq is now, for example, a major export market for Iran. Iran also sells its oil to China and is invested in maintaining that relationship.

Whereas Iran previously had little choice but to look to the West and the US, which set the 'world order', to be part of the international community, this may now be changing.

*"For Iran, looking East makes a lot of sense."*

### **Negotiations at stalemate**

The original JCPOA had many flaws, and no one ever expected it to solve all problems between Iran and the international community, but it built confidence and trust. A common view was that the deal was certainly better than nothing.

So, it is viewed with some surprise and disappointment that the Biden administration has engaged with the process so slowly. Both reformists and hardliners in Iran are said to be wondering why a year has passed and no one seems to want to take responsibility.

*"This last year of indirect negotiations, despite the best efforts of Europe, as well as well-intended efforts by both the US and Iran, has been a trust-depleting exercise."*

This was in part due to mismatched expectations.

Iran expected a swift US return to the existing deal. Indeed, the US Democratic Party made a commitment in its 2020 electoral platform to do so.

However, in early 2021, the White House felt that tricky foreign policy decisions would take political capital away from newly-elected President Biden at a time when he needed it most domestically. The US also held diplomatic talks with Saudi Arabia, the United Arab Emirates and Israel to reduce their opposition to the JCPOA – and took advice not to rush the process – perhaps also believing that a longer and stronger deal could be quickly drawn up before formally re-joining.

This appeared to suggest that the deal was not a priority for Biden nor that Tehran anticipated a re-negotiation first.

*"It was perceived as an effort to use Trump's sanctions to re-negotiate a deal, to get a longer and stronger deal, and as a result, the position was not particularly different from that of Trump."*

With the process now at a stalemate, a further complication is that Iran refuses to meet with the US face-to-face until they re-join the JCPOA. Understandably, it is "very difficult to build trust when you can't speak to the other side directly".

Meanwhile the geopolitical balance is shifting. Previously, it was clear that Iran needed a relationship with the West. It was felt, however, that the deadlock in recent years has only been of benefit to China.

Other countries, too, have moved on. It was noted that the UK, now no longer an EU member, is focusing on building alliances with the Gulf States and Israel, where it feels there is greater economic benefit and opportunity for influence.

### Europe urged to seize the opportunity

Opinions were divided on whether Europe still had a role to play.

On the one hand, some felt that Europe had nothing new to offer to the process right now, particularly since it had refused to work with China and Russia after the US withdrawal from the JCPOA. Europe had, in some eyes, consequently lost Iran's trust.

There was also felt to be little energy or capacity from the European side at present, with "JCPOA fatigue" cited in Europe's capitals and the stalemate seen essentially as a US-Iran issue.

In contrast, others argued that Europe is being proactive behind the scenes with all participants and efforts fully focused on the deal's revival and return to its full implementation.

In practice, it is clearly not in Europe's interest for the JCPOA to fall apart. The deal at least limits one country's potential nuclear capability, at a time when the EU is trying to prevent a proliferation crisis with a nuclear power on its own borders.

At the same time, Europe should adopt a broader approach, not just aiming attention at the nuclear deal however important that may be.

The recently adopted seven-year programme to strengthen EU-Iran relations focuses bilateral efforts on climate change, growth and jobs, as well as cross-border issues like migration and drugs, among other key concerns.

The EU can also play an effective role in the wider region and is in dialogue with Iran on matters of stability and security in the Gulf and Middle East region, as well as in Afghanistan. The forthcoming EU Joint Communication on the Partnership with the Gulf can help progress these endeavours.

### Repression of citizens and civil society

The impact upon Iranian citizens and civil society should not be forgotten, it was warned.

The ongoing state of conflict in the country is used by the regime to suppress civil society, all the more so since Raisi came to power. There is also great unease about Iran's growing reliance on China and Russia, with heightened human rights and security concerns.

Many civil society activists warned against a US exit from the JCPOA and want to see their return to alleviate the economic pressure and impact of sanctions upon citizens. The isolation of the Iranian government has had the knock-on effect of also isolating civil society and the Iranian people.

Nonetheless, there is feeling that human rights concerns have been neglected by the international community. Renewed engagement with Iran, adopting an economic focus, therefore may not bring about any improvements concerning human rights, freedom of expression or civil society issues.

*"Many civil society activists are very fearful of both striking a deal – and of not striking a deal."*

Concerns remain about Iran's engagement in the wider region and reconciliation with its neighbours too. As authoritarian regimes, it is felt that improved regional relations will only lead to further and collective repression of citizens even more so than now.

### **Conclusion – little progress but diplomatic channels remain open**

Pointing to the future, the wide-ranging discussion hinted at the feeling that we are reaching a tipping point.

Whilst confidence may be currently low, with neither positive momentum, nor escalation, at least diplomatic channels are still open and efforts have not failed entirely.

*“Neither side is escalating but neither side is walking away. Maybe that is the best outcome for now.”*

The potential disadvantages of a non-agreement should not be forgotten. It is not just about what the West can gain, but also what Iran would have to lose. Sanctions relief cannot be simply symbolic and must have substance.

It is vital also to avoid allowing competing powers from the East or North to take advantage of the situation, and Iran has been seen to shift its alliances quickly in the past.

Nevertheless, there was hope that the deal could be re-energised – though, if not under Biden, then when and by whom? It was agreed that any kind of deal would at least put Iran and the US back in the room together and start re-building trust. The critical next step would be for creative ideas to build on that.

*“Iran sees that Biden [...] doesn't want a conflict with Iran, but there is a stalemate when it comes to the nuclear deal.”*

For Europe, the message is that we are capable of doing more. It is not in Europe's interest for the JCPOA to fall apart. The Ukraine conflict has shown that Europe can get its act together, efficiently and effectively when there is political will.

The role for the EU will perhaps be to act as a mediator to help Washington and Tehran find a compromise. At the very least, pressure should be exerted upon the Biden administration to feel a greater sense of urgency and make a deal possible. Continued dialogue can only help bring people to the table, both in Iran and in the wider Middle East and Gulf region.

