



## Iran Nuclear Deal: Will Europe Succeed in Keeping the Deal Alive?

“GOOD MORNING, EUROPE!” MP CALL SERIES

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Featuring Riccardo Alcaro, Head of the Global Actors Programme, Istituto Affari Internazionali

In light of the U.S. announcement to withdraw from the Iran nuclear deal, members of the Mercator European Dialogue discussed possible responses from Europe and shared their perspectives on the topic.

### What is at stake?

The Joint Comprehensive Plan of Action (JCPOA), known as the Iran deal, forged a compromise in which Iran agreed to limit its nuclear program, in particular the enrichment of uranium, and allow for an international inspection regime. In April, U.S. President Trump decided not to re-sign the deal, thus withdrawing from the agreement.

**Read:** [The U.N. Council Resolution on JCPOA](#)

### Why is the withdrawal so harmful for Europe?

Riccardo Alcaro, an expert on the issue from the Istituto Affari Internazionali (IAI), noted that **Europe was heavily invested in negotiating the deal and saw it as a way of ensuring its interest for stability in the Middle East.**

If Iran were to reactivate its production of nuclear weapons, this could lead to a nuclear arms race in the world's most unstable region. Furthermore, Alcaro warns that in a worst case scenario, if Israel or the U.S. were to issue a pre-emptive strike, retaliation by the Iranian government would likely occur across the region, particularly in Iraq and Lebanon. Of particular concern would be further subversion by allied militias in both states.

Regarding the reinstated U.S. sanctions, **European companies are facing harmful penalties for dealing with Iran.** They would have to choose between the Iranian and the (much larger) U.S. market, with examples already being seen of both possibilities.

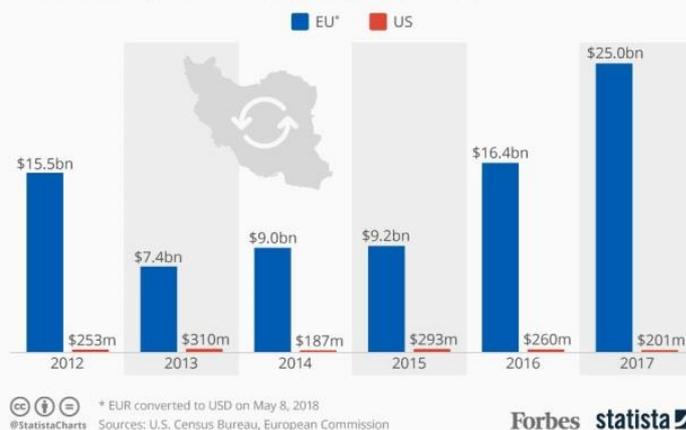
**Read:**

[The Wall Street Journal on “Peugeot to Halt Iran Investments as U.S. Reinstates Sanctions”](#)

[France 24 on “Renault to remain in Iran despite risk of US sanctions”](#)

### Iran Deal: The EU Has The Most To Lose

Value of goods imported from and exported to Iran (U.S. dollars)



### A European strategy?

A Greek MP asked how Europe could possibly respond. According to Alcaro, **Europe should send signs of commitment and strategic patience** vis-à-vis the U.S. Strategic patience will be important as the U.S. administration has started a number of conflicts in international affairs, and might not be able to implement its full strategy of maximum pressure on all those fronts in the long-term.

Alcaro argued that **Europeans should continue to use the still existent JCPOA as a political platform to keep Iran engaged** and provide support for companies still active in Iran. This could include measures to secure Iran's oil exports in order to increase its willingness to stay in the deal.

### Europe's Options

- Initiate a “blocking regulation” drafted in 1996 to financially protect European businesses from extraterritorial sanctions, though as Alcaro noted it is possible it could do further harm and would likely be too late. Critically, the regulation requires unanimous agreement from all 28 member states, while the implementation of the regulation is left to individual states, which could lead to internal disputes.
- Establish national-level compensation funds to provide relief for corporate

losses, though this would likely only be feasible for small- to mid-sized companies.

- Set up dedicated channels to do business with Iran through European central banks that could be too large for the U.S. to successfully sanction.
- Continue to pressure U.S. officials for carve-outs in critical sectors such as finance, energy, and healthcare.

Meanwhile, the **Polish government has advocated against a strong approach to the U.S.**, highlighting the importance of the transatlantic relationship in response to ongoing problems with Russia and international terrorism.

**Read:**

[Politico on “Europe not backing down on Iran”](#)  
[CNN on Iran’s alleged “uranium enrichment preparations”](#)

[Reuters on the Polish position towards the U.S.](#)

## Debates

The **question emerged whether Europeans look naïve to see the Iran deal as an isolated issue** while the U.S. is linking the nuclear deal to other concerns (e.g. Iran’s role in the region, Yemen, financing of terrorism).

Alcaro noted that delinking it from the regional issues was a sine qua non for getting to an agreement at the time. All partners to the deal, including the U.S., perceived the nuclear question as the most essential field of action.

Jan Techau, Europe Program Director at the German Marshall Fund, noted however that U.S. representatives argue that Iran’s role in the region cannot be considered just by looking at its nuclear activities and should be connected to debates about its broader role in the region.

Elsewhere, ECFR director Mark Leonard has argued that the interconnectivity of these regional issues gives the EU negotiating power as Washington seeks Europe’s cooperation on issues ranging from Yemen to Iranian ballistic missiles.

**Read:**

[Mark Leonard on “How Europe Can Save the Iran Nuclear Deal”](#)

**Open Question:**

**Should Europe pursue efforts that do not include the U.S. or try to forge a larger deal with them?**

## Further Discussion: Italy’s New Government and the Eurozone

An MP from Slovakia shared that, coming from the Visegrad summit, **euro-related topics were currently not debated among V4 countries** due to the fact that they did not know what to expect from the new Italian government.

Chiara Rosselli, Program Officer at the German Marshall Fund, noted that while the level of inflammatory debate had subsided over the past days, more on the economic policy front than on the migration front, the **parties in power remain highly susceptible to provocation especially on issues involving the euro.**

According to Rosselli, the **new government’s position is to keep Italy within the Eurozone** but, looking at the past weeks of political turmoil, it is understandable that European partners would be uncertain about the government’s intentions. To navigate the Italian scenario Rosselli underlines the importance of strengthening dialogue between European partners and Italy’s political interlocutors.

**Read:**

[Financial Times on “Lack of European reform, not Italy, will break the Eurozone”](#)

## READINGS FROM OUR NETWORK

[Istituto Affari Internazionali on “Europe, Trump and the Iran Nuclear Deal”](#)

[Istituto Affari Internazionali on “Winning Back the “Left Behind”: Iran’s New Nationalist Agenda”](#)

[GMF on “The United States and EU Can Still Avoid Conflict Over Iran Sanctions”](#)

[GMF on “Three Views on U.S. Withdrawal from Iran Deal, and Europe and China’s Response”](#)