



POLICY PAPER

China – Iran Deal: Tehran's new foreign policy roadmap at the detriment of the EU?

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Background

On the occasion of the National Day of the People's Republic of China on October 1, 2020 Iran's president Hassan Rouhani, in a message addressed to his Chinese counterpart, president Xi Jinping, expressed his confidence in an advancement of common interests achieved by the finalisation and conclusion of 25-year Comprehensive Strategic Partnership Plan between the two countries.¹ But the details of the Sino-Iranian strategic deal have not yet officially been revealed by the Rouhani's administration.

However, leaked draft of the deal² between Beijing and Tehran raised alarm among Western observers and policymakers about the scope of an emerging China-Iran relationship incorporating a massive Chinese investment worth \$400 billion in all Iran's strategically important sectors including infrastructure, transport, energy, telecommunications, healthcare and tourism. But most controversy vis-à-vis EU and the US has been prompted by a reported Sino-Iranian cooperation in sensitive sectors such as security, defence and intelligence sharing.³

Chinese footprint in the Middle East is neither new nor recent phenomenon. Beijing's growing role in the region even embraces cooperation with countries traditionally considered as part of Western Orbit i.e. Israel, the United Arab Emirates and Saudi Arabia.⁴ Moreover, comprehensive strategic partnership is not exclusive to the Islamic Republic. Both Saudi Arabia and the UAE have already signed comprehensive strategic partnerships with China.⁵ However, no relationship has raised so much concern and anxiety in the West as Iran's strengthening ties with China.

In reaction to the leaked details of proposed China-Iran deal, US Secretary of State Mike Pompeo warned about destabilizing effects that China-Iran strategic deal will have on the Middle East region.⁶ Referring to China's gradually expanding political influence through trade and economic policy activities at a global level, Germany's foreign minister Haiko Maas stressed an urgent need for a fundamental approach to deal with China as a systemic rival⁷. According to Dietmar Köster, member of the European Parliament (EP) delegation to Iran, strategic deal between Beijing and Tehran represents a major shift in power dynamics in already volatile Middle East region. In the interests of the EU, stability in the Middle East and the security of Israel, it is therefore essential to monitor developments closely and prevent the Islamic Republic from developing nuclear capabilities.⁸

¹ President Rouhani's Statement on *Signing of 25-year Iran- China Comprehensive Strategic Partnership Plan*. October 1, 2020. <http://www.president.ir/en/117644>

² Middle East Institute - *'Iran-China Deal Raises More Questions Than Answers'*, July 27, 2020.

<https://mei.edu/publications/iran-china-deal-raises-more-questions-answers>

³ Geranmayeh, E. - *'A Pragmatic Partnership: Why China and Iran try to Collaborate'*, July 17, 2020. In *European Council on Foreign Relations*.

https://ecfr.eu/article/commentary_a_pragmatic_partnership_why_china_and_iran_try_to_collaborate/

⁴ SOAS University of London - *'China's Engagement and Relations with Iran'*, December 2020. Interview with Anoush Ehteshami. <https://www.youtube.com/watch?v=5VAyRTj7jrw&t=5s>

⁵ Fulton, J. - *'Iran isn't the only Middle East Country in a unique partnership with China'*, July 15, 2020. In *Atlantic Council*. <https://www.atlanticcouncil.org/blogs/menasource/iran-isnt-the-only-middle-eastern-country-in-a-unique-partnership-with-china/>

⁶ Statement available on Twitter account of the US Secretary of State Mike Pompeo, August 5, 2020.

⁷ Interview with Germany's foreign minister Haiko Maas. In *Der Spiegel*. December 4, 2020.

<https://www.spiegel.de/international/germany/germany-s-foreign-minister-on-the-future-of-trans-atlantic-relations-a-68d28367-ae98-4785-bebf-6dbad3990b26>

⁸ Author's interview with Mr. Koster

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For decades, China-Iran relationship has been viewed by experts as transactional with little possibility of developing into a full strategic relationship⁹ but a new deal indicates a significant advancement in relation between Tehran and Beijing. A security component incorporated in a draft deal and its repercussions could possibly push Sino-Iranian relationship beyond economic boundaries and bilateral relations. From Western perspective, by building close ties with China Tehran seeks to boost its regional posture and military capacity.¹⁰

Concern over Iran's military expansion becomes even more intense as Tehran joined joint military exercise with Beijing and Moscow in the Indian Ocean and Gulf of Oman in 2019 and recent Russian-led large-scale military exercise Caucasus 2020 taking place in September 2020. Moreover, expiration of 13-year UN arms embargo on Iran on October 18, 2020 no longer prevents the Islamic Republic from buying a range of previously restricted weapons.

Now, Iran and China seem to be closer than they were ever before. Since its establishment in 1979, the Islamic Republic has often relied on its Eastern partnerships, but in the current context of international isolation and a deep economic crisis amplified by the outbreak of the Covid-19 epidemic, Iran's strengthening ties with China as well as Russia and India fall within Tehran's "economic and geopolitical diversification plan"¹¹. Notably, the US withdrawal from the Joint Comprehensive Plan of Action (JCPOA or also referred to as *Iran's nuclear deal*) pushed the Islamic Republic to "reprioritise its foreign policy and seek for alternative partnerships"¹².

In the light of president-elect Joe Biden's inauguration on January 20, 2021 and the EU's positive prospects of the US return to the negotiations with Tehran, a leaked draft of China-Iran 25-year deal raises concerns over Iran's foreign policy turning eastwards gaining an important bargaining tool minimizing EU's (Western) negotiating leverage over Iran's nuclear program and a series of political demands including Iran's ballistic missile program and regional proxies.

Tehran's strengthening relationship with Beijing is undoubtedly catching Western attention- a factor that might ultimately turn into Iran's advantage. Despite changing internal dynamics in the Islamic Republic and the ongoing reformist-hardline rivalries ahead of Iran's 2021 presidential elections, Tehran continues to pursue its "strategic patience" foreign policy approach and is waiting what president Biden's administration will offer to it.

Conclusion of the 25-year deal between Beijing and Tehran has a potential to reshape the realities on the ground in the Middle East region and leave a limited space for EU's further engagement with the Islamic Republic in both economic and diplomatic terms. At first glance, emerging Sino-Iranian close relationship is paving a way towards a new Iranian foreign-policy roadmap within which the EU is likely to fall far behind its Chinese counterpart. However, a profound analysis of China-Iran relations

⁹ Zamirirad, A. - "Forced to Go East?" *Iran's Foreign Outlook and the Role of Russia, China and India- Introduction*. April 2020. German Institute for International and Security Affairs.

https://www.swpberlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

¹⁰ Saleh, A. – Yazdanshenas, Z. - "Iran's Pact With China is Bad News for the West". August 9, 2020. In *Foreign Policy*. <https://foreignpolicy.com/2020/08/09/irans-pact-with-china-is-bad-news-for-the-west/>

¹¹ Vakil, S. - "Forced to Go East?" *Iran's Foreign Outlook and the Role of Russia, China and India – The European Pillar of Iran's East-West Strategy*. April 2020. https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

¹² Zamirirad, A. - "Forced to Go East?" *Iran's Foreign Outlook and the Role of Russia, China and India- Introduction*. April 2020. https://www.swpberlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

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points to important divergences in respective strategies pursued by the two countries. The policy paper aims to clarify the scope opportunities and limitations of Sino-Iranian strategic partnership and their repercussions for further EU's engagement with Tehran with respect to EU's economic, diplomatic and security interest vis-à-vis the Islamic Republic.

Current State of play

China's booming investment in Iran: filling the vacuum left by the West?

In October 2018 Iran's Supreme Leader Ali Khamenei resorted to tough rhetoric when voicing his position on the necessity to look to countries in the East in Iran's effort to achieve economic growth and scientific progress. In the light of the re-imposition of US sanctions month later in November 2018, Khamenei declared that "*looking to the West and Europe has no benefit other than having to stand idle, begging favours and undergoing humiliation*".¹³

Frustration over the EU's inability to counter US sanctions pushed Iran to look eastwards for alternative business options. Even though the EU regretted US unilateral withdrawal from the JCPOA in 2018¹⁴, EU's actions, with the exception of INSTEX trade mechanism, remained mainly rhetoric without any further effective measures on the ground to deliver on its commitments under JCPOA. Most European multinational companies showed great sensitivity to US sanctions re-imposed in November 2018 and quit their business in Iran, French company Total as last one among them in August 2018.

As a consequence, EU-Iran total trade dropped by 72% in 2019 following two consecutive increases in 2017 and 2018 due to the implementation of the JCPOA.¹⁵ In the first eight months of 2020 the volume of trade between EU and Iran dropped again by 12% compared to the same period in 2019.¹⁶ In the recent conversation with Iran's foreign minister Mohammad Javad Zarif held within the Rome 2020 Mediterranean Dialogues in December 2020, EU's failure to deliver on its economic commitments under the JCPOA and the absence of real economic effects on the ground –were identified by minister Zarif as EU's non-compliance with Iran's nuclear deal¹⁷.

There is no doubt that in the absence of Western companies China has benefited economically from the trade and investment vacuum left behind by European and other Western companies, particularly in the energy sector. China's booming investment in Iran resembles the EU-Iran partnership prior to the imposition of multilateral sanctions regime on Iran in 2008¹⁸.

As the global economy's centre of gravity is shifting to the Asia including energy sector, partnership with China can provide Iran with immense economic opportunities as energy demand in Eastern Asia is projected to grow at a much faster rate than in any other part of the world while energy consumption

¹³ Statement of Iran's Supreme Leader Ali Khamenei, October 17, 2018.

<https://www.presstv.com/Detail/2018/10/17/577249/Iran-Leader-Ayatollah-Khamenei>

¹⁴ Declaration by the HR on behalf of the EU following US president Trump's announcement on the JCPOA.

https://eeas.europa.eu/delegations/iran/44307/declaration-high-representative-behalf-eu-following-us-president-trumps-announcement-iran_en

¹⁵ European Commission- "*European Union, Trade in Good with Iran*", May 8, 2020.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_iran_en.pdf

¹⁶ <https://iran.ahk.de/en/media/news-details-eng/eu-nahrungsmittelexporte-nach-iran-um-36-prozent-gestiegen>

¹⁷ Dialogue with Mohammad Javad Zarif. <https://med.ispionline.it/agenda/dialogue-with-mohammad-javad-zarif/>

¹⁸ Kissinger Institute on China and the United States - "*Last Among Equals: The China-Iran Partnership in a Regional Context*", September 2020. <https://www.wilsoncenter.org/publication/last-among-equals-china-iran-partnership-regional-context>

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in traditional centres of energy demand in Europe and North America will decline.¹⁹ New deal with China could provide China with a stake in Iran's energy sector and help Iran boost its emerging liquefied natural gas industry and exploit South Pars gas field riches, ambition continuously hampered by US and international sanctions regimes.²⁰

Moreover, massive Chinese investment into infrastructure projects will stitch Iran into China's Belt and Road Initiative (BRI) as a strategic transit point.²¹ Iran has been identified by Chinese authorities as one of pillars in connecting Asia to Europe via BRI. Iran's narrative of its geostrategic position as a link between East and West has already become an official discourse of Iranian authorities.²² Within BRI projects in Iran, China is among other things providing a huge investment into Iran's ports at Chabahar and Jask, both of which are of a critical importance to a pipeline project allowing Tehran bypassing the Strait of Hormuz in exporting its oil.²³

Iran-China partnership: far beyond economic boundaries?

According to Professor Mohsen Shariatinia from Shahid Beheshti University in Tehran, both China and Iran represent revisionist powers in the current global order and seek to enhance their stature and further their interests²⁴. Two countries share a common view of world order promoting a multi polar world away from Western dominance and multilateral cooperation in a conflict resolution and last but not least denouncing foreign interference in their close neighbourhoods.²⁵

On the occasion of his official visit in China in December 2019 to discuss the details of Iran-China 25-year roadmap and trilateral Iran-China-Russia cooperation, Iran's minister of foreign affairs Mohammad Javad Zarif pointed to the important role China and Russia are playing in bringing stability to the war-torn and unstable Middle East region.²⁶ In this context, as claims Professor Shariatinia, security and defence cooperation between Beijing and Tehran will continue to increase in the future²⁷. Based on the leaked draft, Sino-Iranian cooperation in this field might range from holding joint training and research activities among military, defence and security organizations,

¹⁹ Jalilvand, D.R. - *'Forced to Go East?'* Iran's Foreign Outlook and the Role of Russia, China and India- Iran's Energy Industry Going East April 2020. https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

²⁰ Adebahr, C. - *'Forced to Go East?'* Iran's Foreign Outlook and the Role of Russia, China and India- Implications of Iran's Look to the East Policy for EU-Iran Relations. April 2020. https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

²¹ Economist - *'Iran Wants a 'Strategic Partnership' with China'* . October 10, 2020.

<https://www.economist.com/middle-east-and-africa/2020/10/10/iran-wants-a-strategic-partnership-with-china>

²² Full text of Iran's President Rouhani speech at UNGA 73 <https://theiranproject.com/blog/2018/09/25/full-text-of-irans-president-rouhani-speech-at-unga-73/>

²³ Foreign Affairs - *'China and Russia Have Iran's Back'*, November 17, 2020. <https://www.foreignaffairs.com/articles/ united-states/2020-11-17/china-and-russia-have-irans-back>

²⁴ Author's interview with Professor Shariatinia, January 6, 2020.

²⁵ Forough, M. - *'Forced to Go East?'* Iran's Foreign Outlook and the Role of Russia, China and India – Ideational Nexus Across the Geography of the BRI April 2020. https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

²⁶ *'Zarif, Wang Discuss 25-Year Roadmap, Regional Stability'*, December 31, 2020. In *Financial Tribune*. <https://financialtribune.com/articles/national/101487/zarif-wang-discuss-25-year-roadmap-regional-stability>

²⁷ Author's interview with Professor Shariatinia, January 6, 2020.

exchange of experience on combating terrorism and international crime to regular holding of naval, ground and aerial drills among others²⁸.

On the diplomatic front, Sino-Iranian Comprehensive Strategic Partnership further seeks to promote "support for one another's positions at international bodies and regional organizations"²⁹. Iran relies on China's political support when it comes to defending Iran's national sovereignty and criticising US sanctions policy toward Iran at the UN Security Council and International Atomic Energy Agency (IAEA). For instance, in June 2020 China together with Russia voted against resolution submitted by France, Germany and the UK at the IAEA urging Iran to facilitate access to two nuclear locations specified by the IAEA.³⁰

Unlike European signatories of the JCPOA, China as well as Russia sees Iran's countermeasures - reduction of its commitments to nuclear deal as inevitable due to the US withdrawal from the deal and breach of trust.³¹ Most importantly, in the ongoing debate over US return to the JCPOA under president-elect Biden's administration, China does not support any renegotiation of the JCPOA, compared to the recent statement of Germany's foreign minister pointing to the insufficiency of the existing deal and necessity to conclude so-called nuclear deal plus³². From Iran's perspective, China as a part of JCPOA negotiations has fulfilled its commitments, but certain signatory parties have not³³ referring to the US and European signatories of the agreement.

Iran's new foreign policy roadmap: EU falling behind its Chinese counterpart?

Historically, Iran sees itself located between the East and the West, it cannot therefore ignore neither its relationship with Europe nor China. However, based on its historical experience with foreign interference, closer cooperation with any great power raises concerns and prompts a domestic debate. In this regard, China is not an exception.³⁴

Question to what extent Iran should rely on China remains part of the domestic debate in Iran. China's unfair trade practices and suspicions over the fact that China is benefitting from Iran's international isolation and weak bargaining position by stipulating tough commercial terms and demanding discounted prices, especially in the energy sector, are among the most important concerns. Moreover, there is a persistent public perception of Chinese products as a label of inferior quality compared to their Western alternatives.

China has left a large footprint in the Middle East and now seeks to deepen its ties with the Islamic Republic but unlike Iran seeking a full US withdrawal from the Middle East, China only seeks to reduce the US influence in the region. In strategic terms, Beijing relies and benefits economically

²⁸ English translation of the leaked draft of the Sino-Iranian deal available :

<https://www.wilsoncenter.org/publication/last-among-equals-china-iran-partnership-regional-context>

²⁹ English translation of the leaked draft of the Sino-Iranian deal available :

<https://www.wilsoncenter.org/publication/last-among-equals-china-iran-partnership-regional-context>

³⁰ "Russia Calls IAEA's Resolution Counterproductive. June 19, 2020. In *Tehran Times*.

<https://www.tehrantimes.com/news/448979/Russia-calls-IAEA-s-resolution-counterproductive>

³¹ "Zarif, Wang Discuss 25-Year Roadmap, Regional Stability", December 31, 2020. In *Financial Tribune*.

<https://financialtribune.com/articles/national/101487/zarif-wang-discuss-25-year-roadmap-regional-stability>

³² "Russia Calls IAEA's Resolution Counterproductive. June 19, 2020. In *Tehran Times*.

<https://www.tehrantimes.com/news/448979/Russia-calls-IAEA-s-resolution-counterproductive>

³³ Interview with Germany's foreign minister Haiko Maas. In *Der Spiegel*. December 4, 2020.

<https://www.spiegel.de/international/germany/germany-s-foreign-minister-on-the-future-of-trans-atlantic-relations-a-68d28367-ae98-4785-bebf-6dbad3990b26>

³⁴ Zarif, M.J. - "Shared Vision binds Iran-China relations", August 26, 2019.

<https://www.globaltimes.cn/content/1162671.shtml>

³⁵ Author's interview with Professor Mohsen Shariatinia

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from the US status of security guarantor in the Middle East and Persian Gulf fighting terrorism and ensuring access to regional energy supplies.³⁵ Based on this and China's traditional reluctance to get involved in a foreign conflict, close Sino-Iranian military partnership and China's alliance with Tehran against its rivals, mainly the US, is unlikely to take place.³⁶

Moreover, intent on preserving measured approach to building ties with several countries in the region, even those hostiles to each other like Iran and Israel, Beijing is not interested in a close partnership with Iran at the expense of its relations with the UAE, Saudi Arabia, Israel or Turkey. Tehran and China have undoubtedly a lot to offer to each other, more significantly with a potential conclusion of a 25-year deal, but their bilateral security and political cooperation is constrained due to the differences in their strategies pursued in the Middle East and therefore unlikely to develop into a full strategic partnership. On this matter, Dietmar Köster shares the same view specifying that the ideological differences between the two countries indicate that Sino-Iranian cooperation is motivated by pragmatic reasons rather than political convictions and is therefore unlikely to evolve into a more profound cooperation.³⁷

Pursuing its own interests, the Islamic Republic makes pragmatic and strategic choices. According to Professor Shariatinia, how close Iran will be to China will depend on China itself and its behaviour towards Tehran. The same strategic thinking can be applied to Iran's relationship with the EU and West in general.³⁸

Joe Biden's victory in the 2020 US presidential elections is seen by EU policymakers as an opportunity to revive and play a leading role as a global actor on international and regional issues, including the negotiations over Iran's nuclear program.³⁹ Latest ministerial meeting of the Joint Commission of the JCPOA chaired by the EU High Representative Josep Borrell proves a positive shift towards the EU's more active initiative and coordination efforts with the remaining JCPOA members.

Amid persistent concerns over China's practices and intention to benefit from Iran's international isolation, by maintaining ties with Europe Iran is provided with a certain level of protection and leverage against its Chinese counterpart.⁴⁰ In nuclear agenda, despite Iran's frustration about EU's inability to counter US sanctions regime and deliver on its commitments under the JCPOA over the last two years, the EU with its continuous political support and will, although often only of symbolic significance, provided a strategically important pillar of JCPOA survival. It subsequently helped Tehran balance its international position against US "maximum pressure" strategy aimed at isolating the Islamic Republic internationally.⁴¹

³⁵ National Interest – *China's Plan to Dominate Middle East Centers Around Iran*, September 19, 2020. <https://nationalinterest.org/feature/china%E2%80%99s-plan-dominate-middle-east-centers-around-iran-169219?page=0%2C1>

³⁶ SOAS University of London - *'China's Engagement and Relations with Iran'*, December 2020. Interview with Anoush Ehteshami. <https://www.youtube.com/watch?v=5VAyRTj7jrw&t=5s>

³⁷ Author's interviews with MEP Dietmar Koster.

³⁸ Author's interview with Professor Mohsen Shariatinia.

³⁹ Kachooeian, J. - *'How US Elections Will Influence European relations with Iran'*, December 2020. Institute for Political and International Studies. <https://ipis.ir/en/subjectview/620440/How-US-Elections-Will-Influence-European-Relations-with-Iran>

⁴⁰ Adebahr, C. - *'Forced to Go East?''Iran's Foreign Outlook and the Role of Russia, China and India- Implications of Iran's Look to the East Policy for EU-Iran Relations*. April 2020. https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

⁴¹ Vakil, S. - *'Forced to Go East?''Iran's Foreign Outlook and the Role of Russia, China and India – The European Pillar of Iran's East-West Strategy*. April 2020. [https://www.swp-](https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38)

In order to boost and develop Iran's large energy reserves and potentials, Tehran seeks to reverse absence of investment in energy sector and infrastructure estimated billions of dollars including sophisticated technology. The resumption of business with European exporters in 2016 proved preference of Iran's manufacturing sector for European technology. China felt disappointed over Iran's being "fixated on attracting European and US companies at the expense of their Chinese counterparts"⁴². Despite strong Asian rivals already stably present on the Iranian market, European countries are traditionally considered as suppliers of high-quality and reliable technologies which provides them with a comparative advantage and opportunity for stable and continuous future engagement with Iran.

Policy Recommendations for the EU

Within Chinese revisionist approach to foreign policy, the EU will witness more Chinese activities seeking to expand its global influence through economic policies i.e. strategic partnerships, overseas lending and separate systems of financing arrangements⁴³ at bilateral, regional or international level. Asian Infrastructure Investment Bank, New Development Bank and China's Belt and Road Initiative are among the most notable financing arrangements attracting regimes around the globe. Emerging China-Iran close partnership is only one component of a much more comprehensive global process – China's rising global role and shift of the global economy's centre eastwards to Asia.

In response to a more competitive global order, the EU needs to create a series of effective economic and financial tools to counterweight China. The EU-Japan Free Trade Agreement signed in 2018 has successfully set up a basis for further agreements and projects linking Europe and Asia. Facing Beijing's expanding economic footprint on multiple continents, the EU can respond most effectively by promoting its investment model based on debt-sustainability and fiscal capacity and thus create a positive narrative as opposed to so-called China's debt-trap diplomacy.

The EU has to acknowledge that Iran is turning eastwards as a result of logical and strategic calculations. Unlike the EU's status of Iran's leading trading partner in 1990's, Iranian market today relies on China, Turkey, Russia and other Asian countries that balance and supplement for the EU's limited economic opportunities⁴⁴ Most importantly, Iran's economic recovery and prosperity is in the best interest of the EU and European companies can benefit from the openings in Iran's market, particularly when it comes to delivering European high quality technologies. Therefore, the EU

berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forced_to_Go_East_Zamirirad.pdf#page=38

⁴² Geranmayeh, E. - "A Pragmatic Partnership: Why China and Iran try to Collaborate", July 17, 2020. In *European Council on Foreign Relations*. https://ecfr.eu/article/commentary_a_pragmatic_partnership_why_china_and_iran_try_to_collaborate/

⁴³ Leonard, M.- Shapiro, J.- "Sovereign Europe, Dangerous World: Five agendas to protect Europe's capacity to act. In *European Council on Foreign Relations*. <https://ecfr.eu/publication/sovereign-europe-dangerous-world-five-agendas-to-protect-europes-capacity-to-act/>

⁴⁴ Middle East Institute - "Examining the EU-Iran-US Triangle", October 15, 2020. <https://www.mei.edu/events/examining-eu-iran-us-triangle>

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should not necessarily see Iran's Eastern partnership with China and its ties with the West as mutually exclusive categories.⁴⁵

Within the EU-China partnership balancing between divergence and convergence, preservation of Iran's nuclear deal and support for multilateralism are one of the most significant intersections of common interests between EU and China. Common EU-China position on the return to the original nuclear deal could create an effective counterweight to the US attempt to renegotiate the deal. Such a step is likely to initially face criticism from Joe Biden's administration. But it will ultimately pursue a common interest in terms of Iran's return to full compliance with JCPOA.

Iran's current strategic and pragmatic calculations play in China's favour. The nature of future EU-Iran relations will depend on the position the EU will take in addressing diplomatic impasse with Tehran.

If history teaches lessons, the biggest lesson to be learned by the EU from its previous engagement with the Islamic Republic is that any foreign pressure or sanctions regime imposed on Iran has proved to be inefficient and counterproductive. The US unilateral sanctions and maximum pressure strategy did not only fail to restrain Iran's regional course and contested activities in the Middle East, but they pushed the Islamic Republic to further its regional interests, to make progress on its ballistic missile program, to reduce its commitments under JCPOA and even led to the emergence of a new partnership, such as the one with China, viewed as unfavourable⁴⁶ for the EU's interests.

In order to embark on the path of a lasting and stable partnership with Tehran, the EU needs to engage with Iran on the basis of reciprocal concessions, particularly when it comes to Iran's return to full compliance with JCPOA. In this regard, the EU needs to support US return to the JCPOA and especially appeal for a certain oil embargo relief and sanction relief as a step with immediate positive impact on Iran's economy. Such a step could lead to a considerable de-escalation in Iran's current relations with the EU and US and thus facilitate Iran's return to the full compliance with the JCPOA.⁴⁷

There is no doubt that any further negotiations over Iran's nuclear deal will be marked by an immense credibility and trust deficit. Any attempt to renegotiate the JCPOA proposed by European signatories will further undermine the EU's negotiating position as a trustworthy partner vis-à-vis Iran. In order to restore predictability and confidence in the multilateral system, the EU needs not only to return to its original commitments under JCPOA but must go even beyond them.

In an atmosphere of a mutual mistrust and credibility deficit, the EU needs to make a significant contribution to resolving the question of asymmetrical sanction costs and sustainability of the JCPOA. US withdrawal from the JCPOA raised a question of sustainability of international agreements in

⁴⁵ Adebahr, C. - *'Forced to Go East?'* Iran's Foreign Outlook and the Role of Russia, China and India- Implications of Iran's Look to the East Policy for EU-Iran Relations. April 2020. https://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/Working_Paper_FG06_01-2020_Forcet_to_Go_East_Zamirad.pdf#page=38

⁴⁶ Author's interview with member of EP delegation to Iran, Dietmar Koster

⁴⁷ Iran Podcast - *'Europe's Role in US-Iran Diplomacy'*, December 3, 2020. <https://anchor.fm/theiranpodcast/episodes/Europes-Role-in-US-Iran-Diplomacy-enalha>

general. By promoting the need for implementation of a guarantee mechanism into Iran's nuclear deal, the EU will regain part of its credibility not only in its relation to Iran but also in relation to the international community on its way to seeking an enhanced status and to promote its model of governance within a more competitive global order.

Any further agreement negotiated with the Islamic Republic must be based on the principle of feasibility for both sides. In Iran’s context, the EU should take into consideration certain specific narratives that have developed throughout Iran’s history and that continue to determine its foreign policy fundamentals including security and defence priorities. Iran has accumulated a rich collective memory of foreign interference into Iran’s internal affairs and particularly of the reluctance of the international community to condemn Iraqi chemical attacks against Iran during the Iran-Iraq war. As such, demanding tough concessions on Iran's nuclear program or ballistic missile program- the backbone of Iran's defence strategy, leading to their complete cessation will go beyond feasibility. In order to make the narrative of Iran's nuclear threat reversible, it is therefore inevitable to take a realistic approach to the normalization process vis-à-vis Iran.

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