





COMMENTARY


Iran 2021 Elections: A New Hardship for the EU in Reviving the JCPOA?

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Background

In the aftermath of the US presidential elections, European debate on JCPOA (*Joint Comprehensive Plan of Action*, also referred to as Iran Nuclear Deal) has gained new momentum. Biden's victory and his pledge to return to "diplomacy first" approach are seen by many EU policymakers as a way out of the current diplomatic impasse over the Iran nuclear deal and opportunity to bring the Islamic Republic back to full compliance with its commitments under JCPOA concluded in 2015.

However, the ongoing European debate is overlooking one crucial element. As mentioned in a recent analysis published by the Middle East Institute in Washington, "*this Western centric view ignores the changing reality on the ground in Iran*"¹. The inauguration of a new hardline-dominated parliament in May 2020 proved important dynamics in Iran's domestic politics. But many argue that 2020 legislative elections only served as a prelude to further radicalisation inside the Islamic Republic, bringing major changes after Iran's 2021 presidential elections. Shifting balance of power inside Iran's domestic politics in favor of hardline tendencies since the US withdrawal from the JCPOA in May 2018 and the outcome of 2021 Iran's presidential elections might significantly shape Iran's negotiating position to be more assertive and less inclined to compromise.

Political dynamics inside Iran and the consequences it might bring on the nuclear talks require an attentive observation as an integral part of the ongoing European debate over the future of the JCPOA. Particularly, Iran's presidential elections taking place in June 2021 set important limits on the time frame within which effective EU measures need to be taken in order to ensure the preservation of the Iran nuclear deal.

The main objective of this policy paper is to provide a comprehensive outlook of the current political shifts in the Islamic Republic in the light of Iran's 2021 presidential elections and to point out the main features of a changing environment that might have a substantial impact on further talks over the JCPOA. The question that arises in this context is to what extent the realities on the ground in Iran can be translated into an opportunity for EU diplomacy. Taking into account EU's questionable credibility since the US withdrawal from the Iran nuclear deal in 2018, it is debated whether the current circumstances create a space for EU policymakers to assess past mistakes and come up with an alternative strategic roadmap for the nuclear talks with the Islamic Republic.(?)

Current state of play

Iran's shifting balance of power

Perceived as "betrayal" by the Islamic Republic, US withdrawal from the JCPOA and harsh economic consequences of the US sanctions reimposed within "maximum pressure strategy" against the Islamic Republic played significantly into hands of Iran's hardliners affiliated with IRGC (*Islamic Revolutionary Guard Corps*) and closely linked to the conservative religious establishment headed by Supreme Leader Ali Khamenei. From the very beginning of the conclusion of the Iran nuclear deal in 2015, Iran's hardliners presented themselves as strong opponents of the JCPOA portraying it as a threat to Iran's national security and warning against economic and security breaches by hostile foreign powers.²

¹ [1] Middle East Institute – "*Biden and misinterpreting Iran's intent*", October 14, 2020;: <https://www.mei.edu/publications/biden-and-misinterpreting-irans-intent>

² Foreign Affairs - "*Iran's Hardliners are Sitting Pretty*", April 16, 2020. <https://www.foreignaffairs.com/articles/iran/2020-04-16/irans-hard-liners-are-sitting-pretty>

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After his victory in the 2013 presidential elections, president Rouhani's call for normalization of relations with the West, even at the expense of revolutionary ideology, became a disputed element of Iran's foreign policy under Iran's alliance of reformists and moderates led by president Rouhani and foreign minister Mohammad Javad Zarif. President Trump's confrontational stand on Iran and reimposition of sanctions in 2018 served as a justification for further radicalisation in Iran's domestic politics.³ Together with the deepening of the economic crisis and failure of Rouhani's administration to ensure economic benefits of the deal, it created a ground for Iran's hardliners to present themselves as an alternative to the current administration, unable to protect national interests and solve multiple crises, particularly the economic one.

A crushing victory of Iran's hardliners in the parliamentary elections on 21 February, 2020 proved a significant shift in Iran's domestic politics. Disqualification of a large proportion of reformist parties' candidates by the oversight body- the *Guardian Council* and widespread anger and dissatisfaction resulting from Iran's economic malaise were the main reasons standing behind the lowest turnout (42,57%)⁴ since the establishment of the Islamic Republic in 1979. The IRGC taking control of more than two thirds of seats in Iran's parliament (also referred to as *Majles*) is now keeping its eye on the upcoming presidential elections taking place in June 2021. Taking over the presidency would mean a consolidation of control over Iran's elected institutions and desired coordination between legislature and executive branch of state⁵.

Amid a deep "crisis of trust" in Iranian society triggered by Iranian authorities' denial to take responsibility over January 2020 shutdown of Ukrainian passenger plane and failure to fulfill people's expectations of economic recovery and benefits of the JCPOA, upcoming presidential elections are very likely to see again a very little turnout.

What's more, Rouhani's government is facing criticism for mismanagement of Covid-19 epidemic that hardly hit the Islamic Republic and exacerbated the consequences of US sanctions causing the shortages of medicines and medical equipment. Own failure to restore hope to Iranian people and IRGC's continuing efforts to discredit Rouhani's government are making reformists' prospects in the 2021 presidential elections very poor. On the contrary, in the current crisis, IRGC promoting soft-power instruments such as humanitarian assistance and distribution of basic necessities to the more deprived population, acted as a decisive authority capable of handling the crisis and gained from the crisis at the expense of Rouhani's administration.⁶

What implications of Iran's political shift on the EU-Iran nuclear talks?

With the upcoming 2021 presidential elections, Iran's hardliners are likely to make pressure to take more assertive steps on foreign policy putting the fate of JCPOA considered by the EU a "key pillar of the global non-proliferation architecture contributing to regional and global security"⁷.... at a stake. Regardless of the political affiliation, the response of Iran's authorities to the outcome of the

³ <https://www.middleeasteye.net/opinion/iran-presidential-election-reformists-face-uphill-battle>

⁴ International Crisis Group - "Iran's New Parliament heralds Conservative Consolidation"; June 20,2020. <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iran/irans-new-parliament-heralds-conservative-consolidation>

⁵ International Crisis Group - "Iran's New Parliament heralds Conservative Consolidation"; June 20,2020. <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iran/irans-new-parliament-heralds-conservative-consolidation>

⁶ Foreign Affairs – "The Revolutionary Guards are Poised to Take Over Iran", August 27, 2020. <https://www.foreignaffairs.com/articles/middle-east/2020-08-27/revolutionary-guards-are-poised-to-take-over-iran>

⁷ EEAS - "Remarks by the High Representative" Josep Borrell, October 20, 2020. https://eeas.europa.eu/headquarters/headquarters-homepage/87277/non-proliferation-treaty-remarks-high-representativevice-president-josep-borrell-ep_en

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US elections was very cautious, even sceptical. Based on the previous experiences, they do not see Biden's victory as a radical change in US foreign policy fundamentals on Iran. According to president Rouhani's recent statement, what matters to Iran is "*principles, methods and policies. A certain individual or party does not matter.*"⁸ At the same time, with Trump's administration isolated at the UN Security Council after its last attempt to impose snapback sanctions, Iranian leaders seem to be much more confident and coherent⁹. The EU should therefore expect Iran to make less concessions and demand more during the potential negotiations in the upcoming period.

The current EU's negotiating position despite a "window" opened by president-elect Biden's victory will not be easy. The prevailing opinion on Iran's domestic political scene is that the EU, despite its determination to do everything possible to safeguard the nuclear deal and preserve its implementation, is incapable to "*deliver promises and commitments on the JCPOA independently, without a permission or a green light from the US*"¹⁰. The creation of the INSTEX (*EU Instrument for Supporting Trade Exchange*) in 2019 proved to be far from being effective to compensate for what Iranians expected from the nuclear deal.

Being limited exclusively to trade in humanitarian goods and selected Iranian export items¹¹, the EU trade mechanism does not facilitate the trade in oil and natural gas on which Iran's economy largely depends. INSTAX became more of a symbolic political gesture with minimal impact on Tehran's decision-making process regarding suspension of the nuclear activities. What is clear is that the Islamic Republic in search for security and economic benefits has turned eastwards toward its Russian and Chinese partners. In economic terms, the EU thus lost much of its leverage and found itself stuck in the middle between Tehran and Washington unable to come up with any effective measures to counter the US sanctions to ensure economic guarantees to Iran.

Iran's changing political landscape as an opportunity?

However, despite the risks, the ongoing change on the ground in Iran's domestic politics does not necessarily mean negative implications for nuclear talks and for the EU's interest in preserving the JCPOA. Historically, since its establishment in 1979, the political developments of the Islamic Republic have shown continuous rivalry in Iran's domestic politics resulting in a duality in foreign policy approach. The unity inside Iran's politics following a potential victory of a hardline candidate in the 2021 presidential elections could even make further negotiations easier abandoning the battle of two worldviews characterizing Iran's internal dynamics since Rouhani's victory in 2013.¹²

At the same time, with the takeover of executive power, political figures affiliated with the IRGC will be exposed to the pressure of daily affairs and direct public criticism which can eventually lead to a more compromise approach. The EU should therefore not see the shifting balance of power in Iran's domestic politics necessarily as a threat, but as a potential opportunity for changes¹³ and incentive for more active diplomacy. Recent hard opposition to the US attempt to impose snapback

⁸ Iran's Ministry of Foreign Affairs – "*President Rouhani's statement on US elections*", 2020.

<https://en.mfa.ir/portal/newsview/615854/president-at-cabinet-session-we-dont-care-what-happens-in-us-and-whos-elected>

⁹ Foreign Affairs – "*No Matter who is US President, Iran will drive a harder bargain than before*", October 20, 2020.

<https://www.foreignaffairs.com/articles/iran/2020-10-20/no-matter-who-us-president-iran-will-drive-harder-bargain>

¹⁰ European Council on Foreign Relations – "*Iran & the US escalation game – What can Europe do?*", November 11, 2019.. https://ecfr.eu/podcasts/episode/fighting_fire_with_fire_how_the_west_reacted_to_irans_further_distancing_fr/

¹¹ Carnegie Europe – "*Europe Needs a Regional Strategy on Iran*", May 13, 2020.

<https://carnegieeurope.eu/2020/05/13/europe-needs-regional-strategy-on-iran-pub-81769>

¹² <https://jean-jaures.org/nos-productions/l-iran-face-aux-enjeux-nationaux-et-internationaux>

¹³ Foreign Affairs – "*The Revolutionary Guards are Poised to Take Over Iran*", 2020.

<https://www.foreignaffairs.com/articles/middle-east/2020-08-27/revolutionary-guards-are-poised-to-take-over-iran>

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sanctions against Iran at the UN Security Council helped the EU regain certain credibility that had been questioned for the last two years regarding the preservation of the JCPOA.¹⁴ It is up to the EU to what extent it will now benefit from current circumstances and a momentum gained by Biden's victory.

Policy recommendations

Half a year left in the office, Rouhani's "*entire political legacy is tied to how much of the 2015 nuclear deal he can salvage*"¹⁵ between Joe Biden's arrival to the White House in January and presidential elections in Iran in June 2021. By seizing a greater diplomatic initiative and opening an intensive communication channel with Tehran, the EU can both give hope to Iranians and encourage them to go to the polls during the upcoming presidential elections and help president Rouhani's administration regain a certain amount of its credibility. Although prospects of Iran's alliance of reformists and moderates in the 2021 presidential elections are unfavorable, the EU quick and clear response might give a political leverage to Rouhani's administration.

Even though Joe Biden's victory opened a new window for nuclear negotiations, the transition period in the US does not allow for immediate renewal of US-Iran talks including potential relief from US sanctions and oil embargo. Therefore, the EU needs to implement an alternative strategic roadmap to rebuild mutual trust and confidence between the EU and Iran and prepare a ground for US return to the negotiating table.

The EU's position as a pillar and stable and reliable international partner is now even more important given the Trump administration's withdrawal from several multilateral agreements including the JCPOA and discreditation of the US negotiating position. However, in order to initiate multilateral talks and pursue a high-level dialogue, the EU diplomacy led by the High Representative Josep Borrell must be provided by a strong mandate by EU member states and thus show a coherent EU stand on the nuclear talks.

In economic terms, despite EU's limited capacity to compensate Iran's financial losses due to the US sanction regime, the enforcement of the scale and scope of INSTEX and introduction of new European investment initiatives and credit lines that would be an important economic incentive for Iran hardly hit by the Covid 19 epidemic.

At the diplomatic level, in order to salvage the Iran nuclear deal, the EU diplomacy will need to contribute significantly to convincing Iranian authorities to restore confidence in stability and predictability of international relations. The EU support for the adoption of a mechanism preventing JCPOA signatories from imposing the sanctions unilaterally is an alternative which would be both in full compliance with Iran's current demands and would restore the JCPOA credibility as a multilateral agreement.

¹⁴ Middle East Institute - "*Examining the RU-Iran-US Triangle*", October, 2020.

<https://www.mei.edu/events/examining-eu-iran-us-triangle>

¹⁵ Middle East Institute - "*The Reverberations of the US election in the Middle East*", November 9, 2020.

<https://www.mei.edu/blog/monday-briefing-reverberations-us-election-middle-east>

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