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Europe-Iran Relations One Year after the Sanctions were Lifted

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In the year since the nuclear agreement (JCPOA) with Iran was implemented and Europe lifted the sanctions, there has been much momentum and activity regarding the resumption of contacts and signed agreements between European countries and Iran. Since the removal of the sanctions, over 200 European trade delegations have visited in Iran. Some of these contacts have already matured into economic transactions, reflecting a 43 percent rise in EU-Iran trade during the first half of the year over the corresponding period in 2015 when the sanctions were still in effect. In parallel, on October 25, 2016, the European parliament has approved a strategy toward Iran in the era of the JCPOA and following the removal of the sanctions.

Immediately after the signing of the nuclear agreement in the summer of 2015, and even before the sanctions were lifted, delegations of European senior officials and businessmen began visiting Iran with the aim of laying the groundwork for investments and economic cooperation. Iranian President Hassan Rouhani made a tour of European capitals, the first visit of its kind in years, in which framework agreements for bilateral trade and economic cooperation were signed. Among the deals concluded since then: Iran purchased some 100 Airbus aircraft from France, after the United States withdrew its objections to this transaction (the first plane arrived in Iran on January 12, 2017); the French automobile companies, Peugeot and Renault, returned their operations to Iran; the French oil company, Total, resumed operations in Iran this past November after a six-year halt, within the scope of an agreement to proceed with additional development in the South Pars gas field in conjunction with a Chinese company – a transaction that is valued at \$6 billion; energy deals were signed with Italy; and the German company Siemens signed an agreement to upgrade Iran's railway infrastructure (Germany was formerly Iran's largest trade partner). Also on the agenda is the resumption of activities in Iran by the British insurance company Lloyds, after a five-year hiatus. This is an important development that was even mentioned by President Rouhani, due to its contribution to lowering Iranian export costs, as Iran had been forced to absorb high costs in recent years because insurance companies, headed by Lloyds, refused to insure Iranian cargos. Alongside these business developments is Iran's reconnection to the Swift global payments system, and thirty Iranian banks have already connected to the system. The return of small European banks to Iran has also contributed to the impressive improvement in Iran's economic indices recorded this past year.

Likewise evident were a number of important developments on the political level, and these helped Iran to depict its release from political isolation as one of the achievements of the nuclear agreement. Prominent among them is the renewal of relations with Great Britain some four years after these relations were severed, which occurred in part because of the storming of the British embassy in Tehran by Iranian protestors and their attempt to occupy it. Concurrently, after prolonged discussions and intense Iranian lobbying efforts, the European parliament accepted the EU's strategy for relations with Iran. This includes support for expanded economic cooperative efforts and investments and trade between European countries and Iran. In addition, the strategy supports Iran's joining the World Trade Organization (WTO): the Iranian economy is the largest in the world outside the WTO; the European Union was formerly Iran's largest trade partner; and the volume of trade, which currently reaches \$8 billion, is expected to grow fourfold within the next two years. On the other hand, the report on the EU strategy does not disregard the serious human rights infractions in Iran, and states that the lack of freedom of expression on the internet, the systemic monitoring of internet traffic, and the lack of digital freedoms constitute human rights violations and therefore pose an obstacle to enhancing trade relations.

Another issue highlighted in the European Union's strategy pertains to death penalty sentences and executions in Iran, the country with the highest level of death penalty executions per capita in the world. According to Amnesty reports, in 2015 Iran executed 977 people, including juveniles, most convicted for drug-related offenses. The EU strategy prescribes that given Europe's opposition to the death penalty, this issue is high on the European human rights policy and foreign policy agenda. The EU strategy emphasizes that capital punishment will be raised in the political dialogue and calls on Iran to declare an immediate moratorium on the death penalty sentences already handed down, and on the Iranian parliament to reconsider the section in its penal code that allows the sentencing to death of children under the age of 18. Furthermore, the European Union requests that Iran amend its legislation that allows the judiciary to impose the death penalty on people convicted of drug related offenses, as this would decrease the number of executions dramatically.

Discussing the death penalty in Iran is taboo, and therefore few debate it publicly. The majority of the executions occur inside prisons, although the regime has carried out some executions in city squares as a deterrent tactic. The Iranian constitution obligates the country to define explicitly the crimes punishable by death, and all types of drug-related offenses have been defined as such. Specifically, the death penalty for the use or sale of drugs is anchored in the Iranian civil anti-drug legislation. This issue has triggered a debate between the executive authority under the Rouhani government, and the judicial authority, whose chairman is known for his extremist views. The Supreme Leader, Khamenei, declared that the European Union has no authority to decide what happens in Iran, and conservatives also accused the EU of interfering in Iran's internal affairs. Nevertheless, an Iranian MP reported recently that a resolution was passed to commute the sentences of five thousand people sentenced to various types of

punishment. According to the press release on the conclusions of the European Foreign Affairs Council of November 14, 2016, the issue of human rights violations and executions in Iran will remain a top priority on the EU agenda.

Against this backdrop, a debate is underway in Iran regarding the EU's desire to open a pseudo embassy in Iran. At this stage, a small representative office operates out of the German embassy, and there is no Iranian approval to open an embassy. Similar to most other foreign policy topics in Iran, the issue of the relations with the European Union has become a sensitive topic subject to internal political disagreements and a tool for conservatives, concerned that having an independent EU embassy would serve as a magnet for Iranian human rights activists, to condemn Rouhani and his government. According to the head of the judicial authority, Sadeq Larijani, an EU embassy would constitute a "nest of corruption," and he will not allow it. At the same time, the European Union is proposing that Iran join its research programs within the framework of the Horizon 2020 Project, as well as student exchange programs, stressing the fact that more than 60 percent of the Iranian population are below the age of 30. These topics are also perceived as sensitive issues in Iran, due to the regime's tight control over educational programs in universities and its concern about political activism among students, including during the annual student day events, which are platforms for criticism of the regime.

Relations with Europe are exceedingly important to the regime in Tehran, both with regard to Europe as a source of economic-commercial benefits and as a counterweight to the United States, which is perceived as antagonistic toward the regime. Iran's relationship with Europe is especially important upon the eve of Trump's entry into the White House, and given Trump's statements about the possibility of either renegotiating the nuclear agreement or scrapping it altogether. The position of the European countries within the P5+1 is important to ensure the continuity of the JCPOA. And indeed, during their last meeting, the European foreign ministers reiterated their support of the continued implementation of the nuclear agreement and of the development of economic relations with Iran, while clarifying that they will not support cancellation of the agreement. Furthermore, if Trump indeed seeks to cancel or even adjust the agreement, Europe's opposition will be of decisive importance, and will enable Iran to oppose new US demands, based on solid relations with Europe.

