

INSS Insight No. 1058, May 17, 2018

The European Union after the United States

Withdrawal from the JCPOA

Shimon Stein

President Trump's May 8, 2018 announcement that the United States would withdraw from the nuclear agreement with Iran is, to date, the most recent development in a series of unilateral decisions the US President has made, throwing relations between the United States and its European allies into a crisis with short term and long term implications.

The announcement by the President (who continues to fulfill the promises made during his election campaign) followed last minute efforts on the part of French President Emmanuel Macron, German Chancellor Angela Merkel, and British Prime Minister Theresa May to dissuade him from withdrawing. This effort, in turn, was preceded by consultations at the working level between Germany, France, and Britain and their counterparts in the American administration, prompted by the ultimatum posed by Trump on January 12, 2018. The ultimatum contained the details of the relevant issues, some that would require reopening the deal (verification and the sunset clause), and others that would need to be included in a separate agreement (Iran's missile program and its conduct in the Middle East) that would need to be signed by the three European countries that are party to the agreement, as well as the United States. The failure to reach a new agreement, Trump emphasized, would result in the United States' immediate withdrawal from the agreement. These efforts ended in failure.

In a joint statement following Trump's announcement, Merkel, Macron, and May expressed disappointment and concern. They emphasized their continued commitment to the JCPOA, and the role of the UN Security Council's decision as a binding international legal framework for the solution of disputes such as the Iranian nuclear issue. They also called on the sides to remain committed to the deal, promised to continue the incentives to Iran, and called on the United States to refrain from taking unilateral measure that would prevent the agreement's full implementation. At the same time, the European leaders called on Iran to demonstrate restraint despite the US decision, continue fulfilling its obligations in exchange for the continued provision of the benefits to which it is entitled under the agreement, and address other issues that are reason for concern, including the formulation of a long term framework agreement regarding the nuclear program for the period following 2025, when some clauses of the agreement expire; the ballistic missile issue; and Iran's destabilizing activities in the Middle East. Given that

the three leaders noted that talks on these issues had already begun, why did Trump choose not to wait until the conclusion of talks that were meant to formulate a joint position, thereby preventing the crisis? The President appears to have been guided by domestic concerns, i.e., the drive to fulfill his promises to his constituents. More businesslike consideration would have almost certainly yielded a decision to extend the talks, and with them, the lightened sanctions on Iran. Instead, Trump chose to act in a manner that threw transatlantic relations into a crisis that commentators are describing as a turning point.

In the short term, Germany, France, and Britain in particular, and the European Union in general, will need to confront their relations with Iran vis-à-vis the nuclear deal against the background of the United States withdrawal, and, in the long term, their future relations with the United States.

With regard to relations with Iran, Merkel and Macron share President Trump's position (albeit not its intensity) that the nuclear deal is not perfect and that it will be necessary, as Macron has clarified on a number of occasions, to formulate a supplementary agreement that addresses, *inter alia*, the missile program. Nonetheless, the three European leaders, as well as the other members of the European Union represented by Federica Mogherini, High Representative of the EU for Foreign Affairs, are united in their commitment to fulfill the agreement, which they regard as an important contribution to stability and the prevention of escalation in the Middle East. The question thus is whether or not Europe will be able to continue to realize its commitment to the agreement when the United States is not only renewing the sanctions on Iran that were lifted under the agreement, but also imposing additional sanctions. More problematic and serious from their perspective is the United States intention to impose secondary sanctions that will harm European companies that do business with Iran and that have well developed contacts with the United States.

Following Trump's statement, Iranian President Hassan Rouhani announced that Iran would continue to fulfill the obligations it took upon itself. However, in an effort to prevent the development of a dynamic that leads Iran to withdraw from the agreement, Mogherini and the foreign ministers of France, Germany, and Britain met on May 15, 2018 with Iranian Foreign Minister Mohammad Zarif in Brussels. According to press reports, the European leaders underscored both their commitment to uphold the deal and their expectation that Iran will do likewise. Despite pressure on President Rouhani by his rivals to withdraw from the agreement, Iran, for its part, will be in no hurry to do so, and instead will wait to see whether the Europeans can continue fulfilling the economic and financial obligations they assumed, despite the sword of secondary sanctions. Indeed, Iran has had, and continues to have, an interest in deepening the rift between the United

States and its European allies. There are still a few weeks before the American sanctions go into effect, and the EU will make an effort to secure exemptions for companies that are already operating in Iran, although it is difficult to assess the potential success of these efforts. If they fail, the large companies that entered the Iranian market and those that were about to enter it (Iran is an attractive market of more than 80 million people with great potential) will think twice before risking exposure to American sanctions, and in turn, to the possibility that they will be blocked from doing business in the American market. Last year, for example, German exports to Iran totaled close to \$3 billion, in comparison to its \$111 billion of exports to the United States. Under such circumstances, it is clear that the German companies will prefer not to incur the risk of engaging in business with Iran. Therefore, even if the German government is determined to fulfill its part in the agreement, it will have trouble convincing German companies to maintain their contacts with Iran. Presumably France and other countries in the EU will face a similar situation, making them unable to realize their interest in preserving their part in the deal. At that point, Iran will need to consider whether it should continue fulfilling its part in the deal. Even if the economic-financial consideration is central, it will not be the only one guiding the Iranian interest.

Moreover, the recognition by France, Germany, and Britain of the need to expand the dialogue with Iran to include additional issues raised by Trump – namely, missiles and regional conduct – raises the question of whether Iran would agree to enter into a dialogue regarding these questions in light of Trump's decision to renew sanctions, or whether it would make an agreement to do so contingent upon the lifting of sanctions. Hopefully the three European countries that are party to the nuclear agreement, and the EU as a whole, will understand the need to formulate a strategy vis-à-vis Iran, and not limit themselves to an economic effort aimed at penetrating the Iranian market. This will become clearer in the coming months.

As for the future of transatlantic relations, the crisis stemming from the agreement with Iran is a symptom of the fundamental disagreement that has characterized US-Europe relations since President Trump entered the White House. Relations have faced crises in the past, for example, as a result of Germany's and France's decision to join Russia in remaining outside the coalition of countries that fought alongside the United States in Iraq in 2003. That, however, was a case of opposition to a specific measure that did no lasting damage to the foundation of the relations. In contrast, the current crisis is one more element, given a list of decisions by Donald Trump – including the withdrawal from the Paris climate agreement and the quotas imposed on the import of metal and aluminum to the United States – that reflect only limited commitment to multilateral frameworks. The result has been the challenge to European partners that includes humiliation by the President (particularly after Macron's and Merkel's pilgrimages to

Washington, aimed at preventing Trump's decision on Iran, failed to achieve their goal), who is determined to tear down what his predecessor built and who is taking action to promote US interests even at the cost of doing injury to the interests of its allies. Chancellor Merkel conveyed this alienation, when, completely out of character though not for the first time, voiced public criticism of the President's decision that served to unilaterally annul a decision that had been made unanimously by the Security Council. The President's action, contended Merkel with frustration, impaired the trust of the United States, adding her hope that Europe would take its fate into its own hands.

Still, Europe's dependence on the United States in the realm of security and economics is significant, and it has no other alternative in the foreseeable future (ideas regarding the joining of forces of China and Russia are nothing but idle thoughts stemming from a sense of helplessness). There is no doubt that Trump's policy is a catalyst for the advancement of proposals to increase inter-EU cooperation in the realm of security, and for increasing expenditures on NATO in light of US threats to cut its contribution to the alliance's defense. However, it will be quite some time until these plans evolve into an alternative to the United States. Some argue that for the moment, Europe needs to keep its head down and wait for the end of Trump's term in office in the hope that relations will then get back on track.

As for Israel, even if many members of the European Union understand Israel's need to contend with the threats posed by Iran, the EU is not party to the positions and intensive activity of Israeli Prime Minister Benjamin Netanyahu in opposition to the nuclear deal. It can be assumed that Netanyahu's joining of forces with President Trump, and his influence on the President's position during the days leading up to the announcement of withdrawal from the JCPOA, have been perceived by Europeans as thorns in their side. It is therefore still unclear how they will respond to Israel's position, which encouraged a situation whereby the deal that the Europeans regarded as an achievement of recent European foreign policy, and as a tool for achieving stability in the Middle East, will be erased. Presumably in light of the crisis between Israel and Iran in Syria, the three leading countries in Europe will attempt to help deescalate the arena, even if the EU is not a relevant force in Syria.