

Iran-Europe Relations: A Diagnostic Analysis

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Abstract

The Iran-Europe relations have always been marked with ups and downs. At some points, Iran viewed Europe as an actor replacing the US and tried to tap Europe's political and economical capacities. However, in the end, a number of developments impeded the way and held up rapprochement between the two sides. This paper tries to shed light on the developments in the relationship between Iran and Europe. Moreover, it identifies and analyses obstacles and factors, which impair the relationship. Finally, it proposes ways and means for improving it.

Keywords: Iran, European Union, foreign policy, realism, neo-realism, power, convergence, political tensions

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Introduction

Iran and most European countries enjoyed old-aged political, economical, and cultural relations, which have undergone changes as a result of modifications to situations at the bilateral, regional, and international levels. In the course of the twentieth century, Europe played an important role in Iran's industrial development. On the other hand, Iran's need in capital and technology transfer and Europe's need in energy and markets created a situation conducive to enhanced economic and commercial relations between Iran and the powerful European countries.

Despite vicissitude in the Iran-EU relations in the aftermath of the Islamic revolution in Iran, the continuation of this relationship and even its development – before the Security Council resolutions covering Iran's nuclear activities – indicated the prevalence of a kind of historical vision to the relations between the two sides. The analysis of the relationship between Iran and Europe is complicated and, at the same time, of great importance and urgency. In general, considering the relations between Iran and the EU, three points should be kept in mind: first, two elements, namely, value and interest are incorporated in the foreign policy of the European countries in a complicated way; thus, it may not be easy to break them up in an easy way. However, a closer look clarifies that, despite slogans in defense of democracy and human rights, interest defines, in the final analysis, a higher place on their scale of priorities.

Second, on the one side, the European Union does not have an identity independent of its members and, on the other hand, no



individual member is able to set the agenda for the EU's foreign policy on its own. Thus, as bilateral relations with any individual member of the EU, especially the powerful members, are important, relations with the EU as a whole should not be overlooked either. Third, the US variable in the foreign policy of the EU also requires attention. While they may have tactical differences over the way to deal with these issues, the existence of common interests between the two sides of the Atlantic Ocean underlies a kind of convergence between Europe and the USA. What is important in this respect is to identify the key areas where relations may develop despite the US variable. A combination of these factors has created especial difficulties in the way of managing relations with the EU. Briefly touching upon history of relations, the present paper reviews the place of Iran and Europe in each other's foreign policies and, after providing a diagnostic analysis of Iran-EU relations, tries to propose ideas for developing the relationship between the two sides. The main question of this paper is which factors may lead to increasing tension between Iran and the European States and the lack of convergence among them.

Based on the realist approach, power is a major element in forming international relations. On such a basis, governmental actors compete in the world arena. In this situation, actors could have three objectives, namely: national interest, power, and security. In analyzing the power level, ability to create the minimum balance required between the domestic potentials and the foreign deterrent elements is of great importance. In this framework, beyond trying to attract allies and benefiting from foreign allies and resources, it is important to try to reduce the power of the competitors since the game is zero-sum game. (Ghasemi, 1384: 161-162)

Neo-realist theory chooses a system as its level of analysis and, as to the relations between the system and units, it maintains that units and components of the international system are subject to determining structural mechanisms. As anarchy prevails in the



international system, thus, the power balance is considered to be a stabilizing factor in the system and big powers are referred to as the main actors within the system. For the supporters of this theory, power consists of combined capabilities of a state and not simply military means. Neo-realists believe that balance of power is the main mechanism for achieving security at the international level due to anarchical structure of the international system. They appreciate cooperation among friendly governments with a view to acquiring more benefits and emphasize the need to achieve more combined power for overcoming mistrust and security concerns. In building up security in the international system, power continues to be a key variable for neo-realists. (Sajjadpour and Ejtehad, 1389: 28) In the view of the neo-realists, the structure of the international system forms the political relationship among the established units and determines the rules of the game. On such a basis, the foreign policies of all governments are influenced by systematic factors. From this perspective, if the system of government is viewed as a distinct field of such domestic considerations as ideology, religion, production mode, and social organization, then it is possible to acquire a correct perception of the nature of international politics. (Sajjadpour and Ejtehad, 1389: 29)

Structural neo-realists, such as Kenneth Waltz, believe that the structure based on the unipolar system is very fragile due to the increasing security concerns of small powers due to the consequences of power level of the hegemon actor. (Waltz, 1979: 44) In this respect, it could be assumed that the deeper these concerns, the greater the efforts by dissenting actors toward balancing power. In the unipolar situation, the hegemon actor always tries to preserve the status quo, enhance its power, and thwart any move that may lead to power balancing and the disruption of the status quo. Meanwhile, due to the difference between the levels of power and domestic capabilities, the likelihood of small powers resorting to asymmetrical moves with a view to creating balance will be on the rise. Here, the actor, which



seeks to balance, first tries to identify other actors with common interests and create a new alignment. This stage consists of attracting allies on the basis of common goals and interests among governmental and non-governmental actors- e.g. groups, NGOs and ... -. Following the victory of the Islamic Revolution, Iran accorded priority to forging close relationship with the Islamic, neighboring and regional countries. Nonetheless, it was not successful in forming an anti-West camp in which the Islamic countries participate (Lotfian, 1387:198-205). Iran's failure in gaining the confidence of the targeted countries was one of the main impediments in its way. In the early of the 1990s, the priorities in Iran's foreign policy underwent some reshuffling and this country placed the policy of *détente* with the neighboring and European countries on its agenda. At the time, some European countries were of the view that the establishment of a politico-economic relationship with countries such as Iran would create a kind of mutual dependency, which would prevent these countries from moving toward ideal and revisionist policies.

In fact, in the aftermath of the Cold War, the vision prevailing among the European leaders was influenced by neo-liberal views, which were a combination of neo-functionalism and neo-realism. Thus, the Europeans tried to follow up on economic relations and, at the same time, issues relating to security and human rights. On the other hand, the Islamic Republic of Iran tried, as well, to distinguish between political and economic relations, and on such a basis embarked on creating the necessary contexts for enhancing its position through the expansion of economic relationships with some of the European powers.

I- Historical Context

Iran was one of the first countries that established a institutional relationship with the then European Community by signing a trade agreement in 1963. The agreement covered the Iranian traditional export items such as carpet, pistachios, raisins and caviar. It was



extended in 1972 and 1978 and put on hold in the years following the Islamic revolution in Iran. (Khaloozadeh, 1382: 39) As under the Shah, Iran had forged a politico-strategic relationship with the US and the European Community, which merely followed an economic agenda with ties with Europe being merely limited to economic cooperation. In general, during the Cold War, the two superpowers had a considerable role in shaping their allies' policies and setting limits on their interaction with other powers. As a result, Iran and the EC could mostly be active in the field of economic cooperation.

To review Iran-EU relations in the aftermath of the Islamic revolution, these years could be divided in four distinct periods as follows:

Early Post - Revolution Era (1979- 1989): In this period, which could be dubbed 'the period of relative downturn', despite Europe's interest in Iran's oil and market, the bilateral relations became strained mostly due to the prevalence of trans-Atlantic solidarity under the Cold War. (Ramazani, 1388: 14-18) Different factors at work in this period are as follows: The European concerns over the spread of the message of the Islamic Revolution in the Islamic countries in the Persian Gulf region, instability in these countries, and disruption of the free flow of oil to Europe, and decrease in the European influence in the region. The Iran-Iraq war created a wide gap between Iranians and the Arabs, and the Europeans tried to exploit this situation as much as they could.

The Trans-Atlantic solidarity required that Europe distanced itself from Iran. The European Community followed the US arms embargo on Iran, and while it had declared neutrality in the Iran-Iraq war, in practice, it supported Iraq as the US did. Meanwhile, Germany continued its economic relations with Iran, tried to keep its neutrality in the war more seriously and, thus, it became the biggest commercial partner of Iran. However, France provided considerable arms assistance to Iraq; as a result, Iran-France bilateral relations deteriorated.



Europe's attention to Iran's market was not that high; nonetheless, Iran's oil could satisfy part of Europe's need. At the same time, Iran's adherence to its sovereignty in line with the motto 'neither East no West', coupled with anti-American sentiment, predisposed Iran to relatively improve its relations with the countries of the Eastern bloc, while it did not mean that Iran was headed to join that bloc. Iran's support to the Shiite community in Lebanon in the 1980s and increase in Iran's influence in that country led to turning Lebanon into a field for rivalry between Iran and the Arabs. (Aghaie, 1385: 3-12)

At the end of this period, the *fatwa* on killing Salman Rushdi in relation to his book named *Satanic Verses* was issued by Imam Khomeini on 14 February 1989. The issuance of this *fatwa* led to further deterioration of relations between Iran and Britain, and finally, the whole European Community. As a result, the two sides recalled their ambassadors from each other's capitals. (Mousavian, 1385: 232-233)

Détente and Confidence Building (1989-1997): With the Iran-Iraq war coming to its end and the reconstruction period beginning, a new ambiance prevailed in Iran's foreign and economic policy. Moreover, fall of the Berlin Wall and the collapse of the Soviet Union changed the international arena completely. In this period, efforts toward adopting confidence-building measures, especially with the neighboring countries, were undertaken and relations with the Europeans began to develop. Meanwhile, the end of the Cold War altered many regional and international equations in a way that Iran and Europe considered the situation to be appropriate for interaction. (Aghaie, 1386: 13-23)

The above developments made the time ripe for seizing the existing opportunities. Iran looked at Europe as a source for loans, credits, and investment in the course of economic development. Moreover and while Iran-US relations were still strained and the American sanctions were in place, Europe was an appropriate option



for Iran. Europe, viewing Iran's market void of US competition, tried to increase its presence in the Iranian market and expand its economic cooperation with Iran (Moradi, 2006). Moreover, Europe found Iran, with a population of 60 million, to be an appropriate place for investment. This would, in turn, help it, to benefit from Iran's influence in the Shiite community in Lebanon and pave the way for the release of the Western hostages in Lebanon. In this period, Iran's commercial relations expanded especially with Germany, France, Britain, and Italy.

While Iran's relations with Europe were on the rise in this period, an important development occurred in the Iran-Britain relations: Iran, without retreating from Imam Khomeini's *fatwa* on Salman Rushdi, entered into an understanding with London based on mutual respect and non-intervention, which led to the resumption of diplomatic relations at *chargé d'affaires* level in 1990 (Khareghani and others, 1388: 315-318). Setting sight on its economic interests, and interested in becoming active in the region, Europe believed that it could better secure its interest through developing its relations with Iran. That is why it continued its ties with Iran despite the US pressure to the contrary.

Following the adoption of the dual containment policy by the US and sanctions by the US Congress against Iran in 1993, almost the entire US trade and investment in Iran came to a halt. In the same year, the law on imposing sanction on Iran's oil and gas industry was adopted in Washington, based on which any American or foreign company investing more than 40 million dollars in developing Iran's oil and gas fields would be punishable by law. (Abasi Ashgholi, 1385: 245-250)

Subsequently, the adoption of Iran-Libya Sanctions Act by US Congress in 1996 led to the intensification of differences between Europe and the US on Iran: the European Union sought to interact with Iran and, conversely, the US endeavored toward isolating Iran. The Europeans considered the sanction of the companies that



invested in Iran's oil and gas industries to run counter to international law. A flagrant case was the difference over the contract the French Company, Total, had signed for developing the Island of Sirri's oil and gas field. Following the signing of this contract in July 1995, Total replaced the American Company, Conoco. However, Total could not continue its activity in Iran due to the US sanctions (Dominguez, 2007: 4-6). At the end of this period, Europe turned into Iran's biggest trade partner, providing more than 40 per cent of Iran's total import. 36 per cent of Iran's export found its way into the European markets, out of which 75 per cent was crude oil exports. (Eurostat, 2008: 2)

The important point in the course of the ties between the two sides in this period was the onset of the 'critical dialogue'. First, during the European Council session in Edinburg in December 1992, it was announced that such a dialogue was to begin with Iran. This dialogue meant to provide a venue for voicing criticism and concerns by the two sides, reviewing regional and international developments, and expanding bilateral relations. Such issues as non-proliferation of weapons of mass destruction, terrorism, the Middle East peace process, and human rights were raised by Europe and issues such as support for terrorist groups, discriminatory policies against Muslims in Europe, support for the crimes of the Zionist Regime against the Palestinians, and a double-standard approach vis-à-vis human rights were raised by Iran. At the same time, the parties discussed measures to facilitate and expand trade and economic relations. (Europe's Iran Diplomacy, 2008: 2)

Pursuing reconstruction programs following the end of the war and seeking to attract investment, financial resources, and technology, Iran too engaged in this dialogue and succeeded to some extent in interacting and cooperating with Europe in some areas. At the end of this period, with the Mykonos case in 1996, tension began rising in the bilateral relations. This case led to the recalling of all European ambassadors from Iran and the suspension of critical dialogue.



The Period of Expansion of Relations (1997-2003): Khatami's Government came to office in 1997 at the time when Iran and the EU countries have not had ambassadors in one another's capitals during the preceding several months. In the new ambiance and given the policies of reform in Iran and the removal of tensions with the West, the EU and Iranian ambassadors returned to their places of assignment. In the meantime, the exchange of visits at the high level, including the Italian Prime Minister's visit to Tehran in 1997 and president Khatami's trip to Rome in 1999, helped in improving the Iran-EU bilateral relations. (The European Commission, 2009)

On the other hand, in 1999, a meeting took place between Foreign Minister Kharazi of Iran and the British Foreign Minister on the margin of the UN General Assembly. In a statement issued at the end of this meeting, the parties addressed bilateral issues, including the Salman Rushdi case, and announced normalization of relations between the two countries and the exchange of ambassadors. The trait characteristic of this period was the beginning of 'Comprehensive Dialogue' between the EU and Iran, which aimed to build closer relations between the two sides. (Vaezi, 1387: 68) The dialogue included the following subjects: Cooperation areas :(commerce and investment, energy, combating illicit drug, and refugees), International issues: (terrorism, human rights, and the spread of weapons of mass destruction) and Regional issues: (Iraq, the Persian Gulf, Central Asia, and the Middle East peace process)

Within the framework of this dialogue, working groups were established in 1998 that aimed at considering the possibilities for cooperation between Iran and the EU. These groups focused on specialized issues such as trade, investment, energy, illicit drug, and refugees. The adoption of the initial agreement on trade and cooperation by the European Council in 2002 was one of the achievements in this period. (Vaezi, 1387: 68)

Following the discussion on Iran's nuclear issue in the Governing Council of the International Atomic Energy Agency



(IAEA) on 16 June 2003, the EU Foreign Ministers issued a statement in which they made the signing of the trade agreement with Iran conditional on Iran allowing the UN inspectors to inspect its nuclear program. As a result, negotiations with Iran, including the Comprehensive Dialogue, were suspended. (Khareghani and others, 1388: 315-318)

Given the shadow the nuclear file cast on the Iran-EU relationship, and following the visits of Foreign Ministers of France, Britain, and Germany to Iran and detailed and complicated negotiations between them and Hasan Rowhani, the then Secretary-General of Iran's National Security Council, the parties issued a statement on 21 October 2003 in which they addressed their preoccupations. Consequently, Iran-EU negotiations continued and were led mostly by the three foreign ministers (EU3), resulting in a EU moderate tone vis-à-vis Iran and showing less interest in referring Iran's nuclear file to the UN Security Council. (Egor, 2010)

This dialogue went on up to 2005. However, as Iran didn't achieve the desired results from the dialogue, in 2005 and immediately before the new Government took office, the uranium enrichment activities were resumed. This development, coupled with the policy that the Ahmadinejad government adopted vis-à-vis the West, led to the reference of Iran's nuclear file to the Security Council, which adopted four resolutions against Iran from June 2006 to March 2008, thereby imposing sanctions on the country. In this period, the Iran-EU relationship deteriorated, and the EU went beyond the UN Security Council sanctions and adopted additional ones against Iran. In the years 2010-2012, the tension in Iran-EU relations was on the rise due to differences on Iran's nuclear activities and the end of dialogue between the parties. In 2011, the US Congress adopted a resolution upon which Iran's oil industry was to be sanctioned. Subsequently, the Europeans extended their sanctions to a number of Iranian banks as well. Aligning itself with increasing US sanctions against Iran in 2012, the EU adopted tough sanctions against oil and



insurance companies and banks and financial institutions in case they cooperated with Iran.

II. Iran in the EU's Foreign Policy

Given its influence in such as the Middle East, Central Asia and the Persian Gulf, the Islamic Republic of Iran has always been the subject of attention for big powers, including the EU. At the same time, solving regional crises and making and building peace and stability, which are also matters of concern and preoccupation for Iran, make Iran an important partner for Europe. Iraq and Afghanistan continue to suffer from instability and insecurity, and dealing with them requires a collective effort on the part of powers within the region and the outside world. On the other hand, given the fundamental changes in Iraq and the emergence of social movements in the region, the Shiite minorities and majorities in the regional countries have acquired a new identity and status; a new geopolitics arising therefore has led to the increase in the influence of the Islamic Republic of Iran.

From the European perspective, a sustainable relationship with Iran may expand the reach of the EU's diplomacy. Such a relationship with Iran helps the EU establish a more desirable interaction with the countries in the region and avail itself thereof to ascertain its position there in competing with other powers and toward achieving its objectives. Recent developments in the Arab world, referred to as the 'Islamic awakening' or the 'Arab spring', may increase the importance of Iran's role. Given the fact that, following these developments, the peoples in the Arab countries assume a determining role in setting the policies of their countries and seek to inject Islamic values in the decision-making process. As such, if the EU wishes to maintain its relations with these countries at an appropriate level, it should adopt a more positive approach toward Islam and the Muslims. The way it deals with the Islamic Iran is one of the components of this approach: Iran propagates a perception of Islam, which, contrary to that



represented by the Salafis, is more attractive for the peoples of the societies in turmoil. As the EU seeks to become an important economic and political power at the global level, it should have access to strategic sources and attract the countries of importance in different regions. From this perspective, the future of the EU hinges also to some extent upon its economic and political presence in the regions surrounding Iran.

Hydrocarbon energies are another deciding factor in the relationship between Iran and the EU. The latter seeks a reliable partner in the economic and energy fields in the Middle Eastern region and is aware of the importance of the former in this respect. Following the dispute between Russia and Ukraine over gas exports, Europe could count on and invest in Iran, which owns huge oil and gas reserves, for diversifying its sources of energy in the long run. The increase in the need of the EU in energy markets and the Europeans' efforts toward diversifying their energy sources have led them to attach special importance to their relations with Iran. (Sohrabi, 1388: 81)

Finally, Iran's domestic market and its location are of importance for the Members of the EU, whose economies are export-oriented. The EU is attentive to securing its economic and commercial interest through presence in Iran's market and using it as a base for expanding economic relations with Central Asia, the Caspian Sea, the Persian Gulf rim countries, and the Middle East. It endeavors toward becoming an important economic partner for the region. (Commission of the European Communities, 2001)

III. Europe in Iran's Foreign Policy

The political and international role of the European Union and the fact that two of its members (France and Britain) have permanent seats in the Security Council, bestow upon Europe an important place in international relations. The EU, as the most important commercial pole in the world, has a leading role in some issues such as the environment and international trade regimes. Under such



circumstances, cooperation with the EU could increase Iran's political weight and impact in the international system.

In addition, culture is Iran's most important relative advantage and soft leverage vis-à-vis Europe. Iran and some old-age European countries are the main historic cultural bases in the world and have extensively interacted in the recent centuries. The share of Iran's culture and the presence of some Iranian cultural components in the contemporary European civilization are undeniable. As far as culture is concerned, Europe considers Iran to be its "opposing pole"; however, it has always found itself obliged to admire the glory of the Iranian and the Islamic culture. In the course of the interaction between the two cultures over time, Iran's culture has acquired a respected image in the psyche of the European cultural elite. European officials' repeated references to Iran's cultural image are not merely out of diplomatic nicety, but reflects an environment, which could influence the relationship between the two sides. The existence of old-age traditions in European academia, the presence of the Persian literature and language in the West, and the European attention to Iranian art and music are all indicative of Europe's attention to Iran's traditional culture. It follows that highlighting the cultural dimension of the relationship could create new opportunities for Iran's diplomacy vis-à-vis Europe.

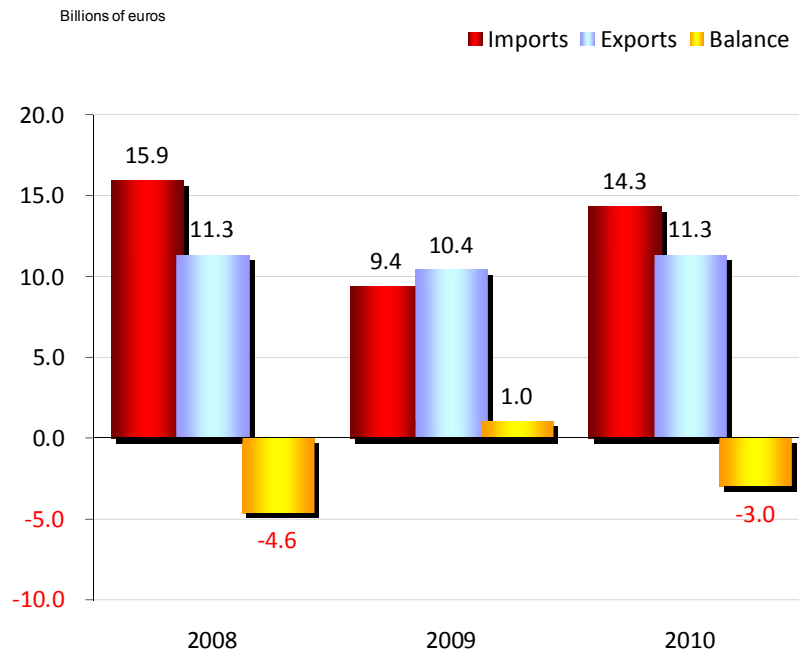
From an economic point of view, the European Union is one of the most important providers of economic and financial assistance and line of credit, as well as investment, across the globe. Seizing these opportunities could highly benefit economic and industrial development programs. The EU has always been among the major trade partners of Iran and, at times, imports from EU members accounted for more than 40 percent of Iran's import. In addition, Iran attaches importance to its relations with Europe for its industrial development, access to technology and investment, and presence in the European markets. As the development of non-oil goods has ratcheted up on Iran's scale of priorities, Iran's presence in the



European economic zone and its access to the EU's markets is of great importance. According to the EU's latest statistics, 19.3 percent of Iran's trade exchange took place with the EU and Iran is the third EU trade partner in the Middle East. (EU Bilateral Trade and Trade with the World, 2011)

On the other hand, the expansion of trade relations with the EU could pave the way for Iran's membership in the World Trade Organization (WTO). Moreover, benefiting from the support of European's political, economical and financial institutions could also help enhance Iran's international cooperation.

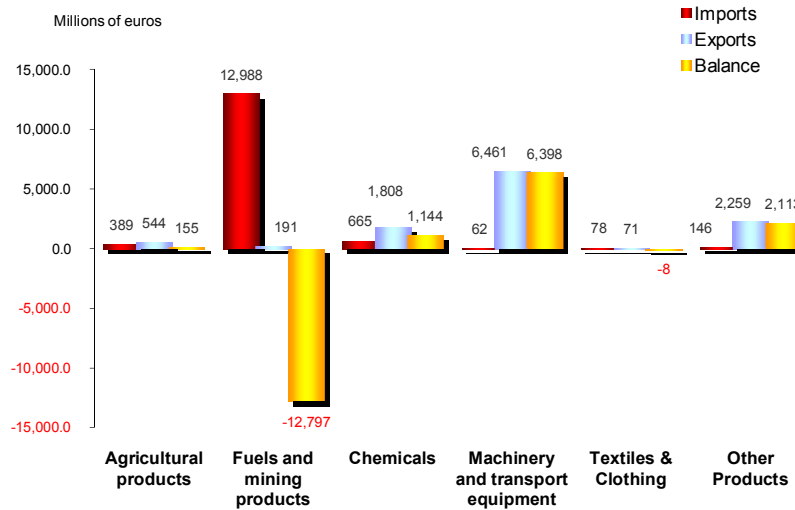
Trade relations between Iran and the EU



Source: EU Bilateral Trade and Trade with the world, 2011, 1.



Trade in goods and commodities



Source: EU Bilateral Trade and Trade with the world, 2011, 1.

Diagnostic Analysis of Iran - EU Relations

At the present time, Iran-EU relations are going through a critical time. Given the outcome of these relations in the past decades, there are different views as to the present situation and its future: some emphasize the good and expansive relationship with the EU as one of the important options in Iran's foreign policy; others, however, express doubt about the EU's serious willingness in establishing a sustainable and institutional relationship with Iran and stress the need for revising the relations with Europe and seeking alternatives. There is another group of observers, who maintain that the choice of Europe by Iran as its political and commercial partner was made in a non-competitive situation. This group believe that Iran has not been able to obtain a clear and realistic picture of the capabilities and role of this relationship in the regional and international levels in order to use such a picture in its diplomatic moves and manage its relations



with the EU accordingly.

From this point of view, to favor or oppose relations with the EU would not help resolve any problem in Iran's relations with the EU. Therefore, it is necessary to adopt a multi-dimensional approach in dealing with Europe, avoid a holistic approach, and deal with every aspect of the relationship in the various political, security, economic, industrial, and cultural fields in a distinct way. (Seifzadeh, 1384)

On the other hand, beyond the factors that pave the way for the relations, the deterring role of some Arab Countries, global powers, and the US cannot be overlooked. Our diplomatic apparatus has yet to define the relationship with Europe independent from the ties with the US. Therefore, it is necessary to provide a new definition in this respect and reduce the cost of relations with the EU by managing and controlling the US impact. During the Cold War, non-aligned countries benefited from the differences among the superpowers; this equation changed, however, in the aftermath of the Cold War. Ever since, the big powers have tacitly set aside confrontations and got on the path of cooperation and competition. It is obvious that the two sides have yet to fully benefit from the existing opportunities.

The relationship between Iran and the EU during the past thirty years following the victory of the Islamic Revolution has always had its ups and downs. Undoubtedly, the gaps that have prevented institutionalization of the relationship between the two actors and the careful review of incentives and favorable contexts that could bring about strategic partnership between Iran and Europe could help do away with vicissitudes in their relations. (Look at: Posch, 2010) In so doing, we first embark on typology of the variables that affect the Iran-EU relationship, dividing them into two categories: deterring and favoring factors.

Favoring Factors: Favoring factors refer to the contexts, economical, and social conditions that, if reformed and adjusted, could further the cause of strengthening ties between Iran and the EU. We discuss, hereunder, three areas of cooperation between Iran



and the EU, which are of greater importance than the others: Increase in mutual understanding, the benefit of cultural factors and economic and energy as favoring factor.

The lack of mutual understanding between Iran and the EU should be pointed out as the most fundamental factor that discourages the development and strengthening of the ties between the two parties. This may be rooted in many factors, some of which are described hereafter. In the first place, the foreign policy of Iran, based on its political system, has a basic religious essence, while politics in the European Union is essentially secular and non-religious. The EU and the US systems are based on liberalism. Having some identity differences with Russia and the Asian powers, mutual economic links between the EU and those states, however, do not allow those differences to surface and prevail. Deep identity differences between the Iran and the EU, especially following the Islamic Revolution, coupled with the lack of strong economic ties, have led to the least understanding between Iran and the European countries.

Thus, there is a need to focus on reforming the pictures and perceptions in Iran-EU relations that have been damaged in the past three decades, especially before public opinion and the officials of the two sides. Such a reform is of great importance for changing the ambiance and rebuilding confidence among the officials. Meanwhile, despite important capabilities for establishing sustainable and constructive ties with the Islamic Republic of Iran, Europe has yet to have a strategic policy toward Iran due to political and security considerations and pressures emanating from Washington,.

Based on geopolitical logic, Iran is in need of diversifying its relations with the world's competing powers and striking the balance in its relations with the EU in a way so as to avoid being turned into the backyard for some powers so that they can have monopolistic access to its market. Establishing the appropriate and targeted relations with the EU would help diversify Iran's options for adopting political and economic strategies. This, of course, would not mean



ignoring capacities in other parts of the world. Undoubtedly, the Islamic Republic of Iran must tap the capacities in other regions in the best way possible.

On the other hand, the EU and its members have shown more interest in getting involved in important political issues and crises after the end of the Cold War. Given the evolving situations in the regions surrounding Iran, the different crises, and Iran's influence in these regions, Europe is also in the need of Iran for enhancing its status and assuming a constructive role. (Moradi, 2008: 110-112)

As to the place of the West in Iran's culture, we must differentiate between the "philosophical West" and "technological West". While the "philosophical West" has a complicated presence in Iran's multilayered culture, the supporters of modernity and tradition in this culture each have a different approach toward this concept. It seems that the Iranian culture as a whole leans highly toward the "technological West", to the point that most Iranian immigrants live in the West. (Khaloozadeh, 1383: 163) Out of the 5.2 million Iranian immigrants, one million live in the US and Canada and the rest reside in Europe, Australia, Turkey, and other parts of the world.

The lack of effective communication at the level of the civil society between the two sides including communications among scientific and research centers, the lack of formal educational and scientific exchange, and weakness in cultural cooperation are noticeable. While these channels are lacking, it seems that Iran does not use sufficiently the available capacities. As an example, despite the presence of a great number of mostly educated Iranians in Europe, Iran has not been able to benefit from this cultural capacity in order to build mutual understanding with the Western societies and governments. The lack of an strategic approach in Iran toward the Iranians living in Europe and European citizens of Iranian origin has made difficult the understanding of behaviors, reactions, and domestic and foreign policies of Iran for the European countries. Increases in cultural exchange and interaction between the Iranian



and European societies could trigger a process of social education, which may lead to mutual understanding and the redefinition of the two sides' interests.

Such cultural vision has always led to the continuation and the interconnection of Iran's relations with the European societies. It is interesting to note that, among the European countries, Germany and Italy, which have less historical negative record in dealing with Iran, are among Iran's first trade partners. This is while Britain with its colonial record in the region is in the middle of the list of Iran's European trade partners.

Iran is in need of investment and technology from the European countries for developing its economy and enhancing its private sector. This is while the EU pays special attention to Iran compared to other Middle Eastern governments because of Iran's high population and large market and because it is the major potential sources of oil and gas in the world. However, statistics and evidence indicate that the role of economic factors is fading in adjusting the relationship between the two sides. In this respect, we may infer that the share of trade between Iran and the EU is not commensurate with the two sides' capacities in terms of their population, economy, technology, and natural resources potentials. (Sariolghalam, 1388: 29-31)

Based on statistics provided by the EU, the volume of trade exchange between Iran and the EU decreased from 27.273 billion Euros in 2008 to 25.662 billion Euros in 2010. Out of this volume of trade, Iran exported 14.329 billion Euros to and imported 11.334 billion Euros from the EU. It shows a trade deficit amounting to 2.995 billion Euros in favor of Iran. Despite Iran's trade surplus with the EU, 90.6 per cent of Iran's export to the EU consisted of energy resources, especially crude oil. (EU Bilateral) Consequently, one may infer that in parallel with the reduction in the EU's export to Iran, Iran's export to the EU remained limited to one item, thereby depending on oil. Based on the foregoing, trade exchange between Iran and the EU is imbalanced and asymmetrical.



On the other hand, while Iran could be an attractive market for the European countries, Iran's economy gradually distances itself from the European economy and moves further toward Eastern economies, especially those of China, India, Russia, and Turkey. (Osullivan, 2011: 15) This trend, if unchecked, not only will place advanced European technologies out of Iran's reach, but will also reduce the role and influence of the EU in adjusting the US policies against Iran.

In the field of energy cooperation, while Iran is the second largest producer of natural gas and owns the fourth largest oil reserve in the world, the EU procures a small part of its energy from Iran. Whereas due to a number of factors, including the gradual decreases in oil and gas production in Europe, increase in demand for importing energy from abroad, and the inability of the current oil and gas exporting countries, especially Russia, to meet the EU demand for energy in the long run Europe needs to procure energy from such other regions as the Middle East, especially Iran. Given the fact that the European need for energy will increase twofold until 2030, Iran can assume a key role in filling the vacuum according to the statistic provided by the European Commission (Hafner, 2006); a role that could not be essentially filled solely by Russia and others exporters. The continued decrease in the North Sea's oil reserves is another factor that prompts the EU to turn to the Middle East and Iran, which own the fourth largest oil reserve in the world. In spite of such a context and stimulus, which could have tied the economies of Iran and the EU together, the current trends, mainly influenced by Iran's nuclear activity and the international atmosphere, are heading to the opposite direction. The withdrawal of such European oil and gas companies as the Total, Schell and Statoil from Iran's oil and gas industries is indicative of the direction taken by the parties (Houos & Blas, 2010). Under such circumstances, the lack of a strong Iranian energy lobby in Europe helps further intensify differences and lead Iran's and EU's economies in opposite directions.



In general, the study of the EU's foreign policy indicates that soft and normative issues such as democracy and human rights are influenced by the EU's economic considerations. In other words, these issues are of secondary importance in its foreign policy. The strategic partnership that the EU has built with Russia and China, despite their lack of conformation to EU's standards in domestic politics, are examples in this respect. As to the relations between Iran and the EU, the lack of strong economic and energy lobbies is an important factor, which impedes the way for the economic discourse to prevail in their relationship. (Smith & Fellow, 1997)

Deterring Factors: The us and Iran nuclear program, The Zionist regime and the Palestinian dispute and Terrorism and human rights: Deterring factors are those obstacles and politico-security variables that prevent the relationship between the two sides from getting beyond the current vicissitude and rootless state in order to attain an established, sustainable, transparent, and predictable state. Three of these obstacles and variables that are of greater importance are discussed hereunder:

While the EU's policy of confrontation, competition, opposition, and criticism vis-à-vis the US policies against Iran, including the dual containment policy and extra-territorial application of domestic laws, especially in the 1990s, are among objective examples of disagreements between the two sides of the Atlantic with regard to Iran, however, the experience of the three decades of relations between Iran and the West has shown that the EU is not ready to jeopardize its relationship with the US for the sake of preserving its relations with Iran. (Oslivan, 2011: 14). As to practical action, the initiative by the three European powers, i.e., France, Britain, and Germany, could be mentioned. This moved Iran's nuclear file to the center of the inter-European and inter-Atlantic politics and demonstrated the European way of managing the case. Contrary to the US demand in 2003, seeking to rapidly refer the case to the Security Council, the EU talked of the need to interact with Iran and



tried to resort to economic incentives as the way out. Thus, the three strong EU member states had a major role in shaping the EU's policy in this respect. The negotiations over Iran's nuclear file helped unify the EU's foreign policy and increased its role as an important actor in the non-proliferation field at the international level. Nonetheless, in spite of its tactical and oscillating support, the US tried to lead the negotiations to an impasse in order to show the inefficiency of the European approach and the policy of interaction with Iran. (Tocha, 2009: 15-19)

Following the intensification of tension since 2004, the US reasserted its leadership. In that period, despite differences in perception and priorities between the US and the EU, the two sides tried to turn their dealing with Iran into a factor that helped revamp and refurbish the trans-Atlantic relationship; far from being a divisive one as in the past. Thus, the perceptions of the EU and the US with regard to Iran underwent changes and redefinition, and their commonalities increased. In other words, the US and the EU moved from challenging each other over Iran to a sort of cooperation thereon.

Following its failure in managing the nuclear issue and failing to further the European strategy in this regard, Europe tended toward adopting tougher positions, moving closer to the US, and using the relations with Iran as a factor to mend its ties with the other side of the Atlantic. In this period, the US's objective was to benefit from the EU's support in order to increase global pressure on Iran and maximize its cost of trying to have access to nuclear technology. Pushing Europe toward halting cooperation with Iran in banking, financing, and investing activities, and weakening economic and trade links with Iran are among measures that were adopted in this period. (EU Briefings, 2008: 17)

For different reasons, Europe embarked on cooperating with the US on Iran. Its belief in the need to preserve the Western solidarity due to the economic mutual interdependence, Europe's military weakness, and its reliance on the US for security are among



the reason in this respect.

Economic sanctions on Iran, which is a sign of the US influence on the EU's foreign policy, is the most important point of agreement between the two sides. Given its economic interest in Iran, the EU has taken cautious measures. The EU argues that the sanction on Iran would deter the US from adopting unilateral measures out of the United Nations framework and resorting to military actions. France, which now follows trans-Atlantic policies, had an important role, along with the Atlantic-oriented leaders of Germany and Britain, in adopting resolutions against Iran in the Security Council. In such an atmosphere, the EU has also adopted non-UN sanctions against Iran as well. The US keeps trying to convince its European and international partners with a view to increasing diplomatic and economic pressure on Iran. The US also seeks to preserve consensus in the United Nations. Nonetheless and despite the convergence between the US and the EU and the trans-Atlantic consensus, Europe has still some disagreements with the US on methods, final objectives and the way to cooperate with Washington (The Council of the European Union, 2010: 7-11).

In fact, Europe is not a unitary and unified unit and there are differences in some areas between the European countries, and between the European countries on the one hand and the US on the other. Europe still emphasizes preventive political and diplomatic measures and the role of the United Nations. Of course, some are of the view that economic considerations have their own impact. For example, Germany has huge economic interests in Iran. The German export to Iran amounted to 5.825 billion dollars in 2009. Whereas the British export to Iran did not exceed 636 million dollars and that of France was at around 2.113 billion dollars in the same year. (Nikou, 2010) Thus, Germany shows less interest in efforts aimed at toughening the sanctions against Iran. The Germany's coalition government is not unified on the matter either. Merkel has a tougher position compared to her rivals in the Government, and Social-



Democrats are hesitant as to the measures that may lead to military actions. (Jones, 2007) Italy and Austria have not welcomed the toughening of sanctions either. Italy is one of the main trade partners of Iran as the value of its export to Iran amounts to around 5 billion dollars and as it has invested considerably in Iran's energy market as well. (Gregor, 2011)

All in all, as the convergence between Europe and the US in issues relating to Iran is costly for the former, there is a need for adopting measures and creating an environment conducive to reducing commonalities and common positions taken by the latter against Iran. In the same vein, it is imperative to identify areas where it is possible to maneuver toward furthering Iran's interests.

The US, due to its security commitment to the Zionist Regime, and the EU, due to its geographical proximity to the Mediterranean and the Middle East, its historic commitment and the Zionist Regime's membership in the Mediterranean Dialogue, consider themselves responsible for protecting the security of the Zionist Regime. On the other hand, the Zionist Regime has a strong lobby on both sides of the Atlantic Ocean that it uses against Iran due to its enmity toward Iran in the aftermath of the Islamic Revolution. Moreover, the Iranian approach toward the Middle East peace process has been rather ideological, in the sense that Iran tries to further the Palestinian cause and, toward this end, assist anti-Zionist movements such as Hamas and Hezbollah. As this issue has become complicated and deep-rooted, it does not seem to be easily resolvable, unless the situation changes. Thus, it should be managed in a way that, while adhering to the basic principles, the relationship with the outside world does not get hurt.

The differences in the views of the EU and Iran on terrorism are considerable. Some groups, such as Hamas and Hezbollah that are listed as terrorists by the EU, are recognized by the Islamic Republic of Iran as freedom fighters. In some other cases, such as those of Al-Qaeda and the Taliban, where certain convergences between the two



sides are noticeable, it is necessary to establish closer cooperation thereon.

Human rights are another controversial issue between the EU and Iran. Sticking to its human rights policy, the former converges with the US security policy against the latter on the nuclear file. In relation to the basis of disagreement between Iran and the EU on human rights, there are two view points: Some countries such as the Western countries believe in the universality of human rights while some others consider human rights within the framework of their own national sovereignty and beliefs. (Gawdat, 1993: 148)

Moreover, the conflicting views on human rights between the two sides arise from the fact that the EU defines itself as a civil and normative power within the international system and considers the safeguard of human rights, based on its philosophical principles of liberalism, as a main prerequisite of this power. On the contrary, the Islamic Republic of Iran is based on a religious value-system, which in some cases, particularly human rights, conflicts with liberal points view. (Kharghani and others, 1388: 330)

Conclusion

On the one hand, Europe is considered to be an impactful power due to the economic, political, and cultural capacities of the continent. However, on the other hand, given the interdependence of the interests of the US and the EU in different aspects and the continuation of hostility between Iran and the US, we cannot be hopeful of the development of the Iran-EU relationship in a positive direction. Thus, it does not appear that a developed and expansive relationship between them could be achievable under the current circumstances. Therefore, Iran could and should be realistic and adopt a policy of cooperation-cum-competition in dealing with Europe.

Iran's perception of Europe's shifting and transient position in international relations should be redefined and revisited in the light of regional and international developments.



One of the challenges in Iran-EU relations is the two sides' conflicting view on certain international laws and regulations. Iran has been hurt the most as a result of certain injustices and the inattention on the part of the global actors to the norms and principles of international law. From a strategic perspective, acquiring exact knowledge and the logical use of these laws and regulations and optimally benefiting from them, within the framework of Islamic values, for achieving Iran's goals at the international level, is of special importance. Thus, it is imperative that strategies be based on a realistic perception of these laws and Iran's potentials.

Popular movements and revolutions in the Arab countries of the Middle East and North Africa will lead to certain changes in these countries' foreign policies and more injection of Islamic values in the equation. Thus, Europe will have to redefine its double standard and discriminatory approach toward the Islamic countries, especially with regard to the Palestinian issue, which is one of the challenges in Iran-EU relations. In this respect, Europe is in need for more interaction with Iran.

Given the privileged place of Iran in the Caucuses, Central Asia, the Persian Gulf, and south-west Asia and in case an appropriate environment could be created, a correct perception of interests could be formed, and a different look could be cast on these regions by the EU, regional cooperation would be a geopolitical privilege and potential capital in shaping the future of the Iran-EU relations. Paying attention to the perception of the EU and Iran of each other in adopting future strategies is of importance. In the past, the perception was positive due to the historic relationship between the two parties.

Today's Europe has certain economic and political inter-linkages, which warrant a unified and package approach thereto. However, there are, in parallel to the common European interests, some revisions by the Europeans in certain political converging factors in the short run to appear with distinct and conflicting interests and differing foreign policy traditions. Thus, the strategy of



Iran toward Europe should be shaped in a way that it is capable of forging a relationship with the EU, and, at the same time, able to focus on relations with different European countries.

The nuclear issue, which is a sensitive file, has impacted the Iran-EU relations. It is appropriate to endeavor toward preventing it from acquiring security dimensions and to adjust relations within the framework of national interests and with due regard to capacities and requirements of the Islamic Republic of Iran. While sticking to principled positions, it is imperative to do a realistic analysis, based on the costs and benefits in various political, security, and economic aspects with a view to achieving objectives while moving away from extreme choices. The US and some Arab countries have always tried to portray Iran as a security threat. Thus, it is imperative to adopt the necessary measures aimed at thwarting this approach and neutralizing efforts in this direction. The prerequisite for any confidence building with Europe is to show a positive and constructive image and cast the security-dominated environment away. Under the current circumstances and given the fact that the communication channels with Europe are reduced to a minimum, it is imperative to use the existing capacities for developing cultural relationships between Iran and the EU. We may cooperate more in academic, scientific, educational, research, art, and sport fields. The increase in cultural exchanges could lead to better understanding among different social layers at both ends and pave the way for more interactions in other areas. Given the important economic potentials, especially in oil and gas, and the dependence of Europe on energy, the Islamic Republic of Iran could take new steps toward turning mere trade relations to economic cooperation in the long run, thus deepening economic and industrial inter-linkages with the EU, and adopt concrete and defined plans in this respect.

Under current circumstances, certain initiatives in the fields where there are common interests could help build confidence between the two sides and further relations in other fields.

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