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“A Changing Middle East – The Impact of the E3/EU+3-Iran Deal on EU-Israel Relations”

Herzliya, 7-8 October 2015

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The Annual meeting of the Israeli-European Policy Network (IEPN) in Israel was planned to discuss the future outcomes on EU-Israel relations following the E3/EU+3-Iran deal, the Joint Comprehensive Plan of Action (JCPOA), which was signed in Vienna on the 14th of July 2015 and entered into force on the 18th of October. The results were discussed in three different contexts:

- > How closer relations between European countries with Iran might affect the bilateral relations between the EU and Israel.
- > The impact of the agreement on the geopolitical situation in the region, the role of Europe and the solution of the Israeli-Palestinian conflict.
- > A comparative analysis on the impact of economic sanctions in the resolution of political conflicts and the expected impact on Israel if faced with economic sanctions itself.

The main objective of this seminar was not to cling to the past by exploring the nature of the agreement and whether it was worthy to be signed, but recognizing the fact that the agreement is a done deal, analysing the current situation following the agreement and examining future implications.

Minutes and Conclusions of the Seminar

It is no secret that the Government of Israel and the E3+3, led by the EU, do not see eye to eye on the outcome of the negotiations with Iran regarding its nuclear plan. This paper attempts to present a summary of the positions of the two sides, although naturally, both within the EU and in Israel, there are a variety of positions.

The European Perspective:

The EU considers the Plan of Action as a very important achievement, which could serve as a basis to build trust, not only regarding the Iranian nuclear program, but in the region as such. Iran is farther from becoming a nuclear state after the deal. The deal will increase the “breakout” time from the currently estimated 2-3 months threshold to at least 12 months. The number of centrifuges will be reduced by two thirds, the inspections regime will be tightened and a snap back mechanism for sanctions was agreed in case of violations.

The agreement is not going to change the Iranian regime, but it is definitely going to curb Iran’s capacity to become a nuclear State. It will help control arms proliferation, in particular Weapons of Mass Destruction. It is a step forward towards stability and, as such, good for the region as a whole.

Nevertheless, the EU will continue to judge Iran on its actual deeds and behaviour. It will remain seriously concerned about the human rights situation in Iran (about the high number of executions, about freedom of expression, the rights of ethnic and religious minorities and women's rights), about unacceptable statements by Iranian leaders concerning Israel's right to exist and about its support to the terrorist Hezbollah military wing in Syria and elsewhere in the region.

In order to address those challenges, the EU needs to be able to engage more broadly with Iran - beyond the nuclear issue. Successful implementation in good faith of the JCPOA could open the door towards such renewed engagement and cooperation between the EU and Iran in different fields. In order to do so, the EU is exploring ways which it could actively promote a more cooperative regional framework. Such developments could also benefit Israel. The Iranian nuclear file is not "closed". Just as negotiating the JCPOA has deeply implicated the EU in a matter which Israel regards as crucial for its security, so will the period of implementation of the agreement, and the presence of the EU and E3 in the Joint Committee established by the agreement. This has potential for an enhanced EU-Israel dialogue on key security issues. Though, it also has potential for continuing differences regarding the agreement's implementation.

Moreover, the agreement signifies that diplomatic efforts can bring an end to a longstanding dispute. It proves that diplomacy and perseverance can pay and

could set an example for the resolution of disputes in the region and beyond.

The EU and Israel share values and interests and would do better both in the strict bilateral track and in the regional agenda if they worked more closely together in a more stable neighbourhood. Both sides know that the relation has not fulfilled its potential.

The Israeli Perspective:

Israel has close bilateral relations, both diplomatic and economic, with the vast majority of the 28 EU countries. However, when it comes to the EU as an entity, in the eyes of many Israelis, this is not the case. Many in Israel feel there is not enough sympathy from the EU to the challenges Israel is facing and they have no expectations from the EU to be a genuine strategic partner. Despite the involvement of the US in the agreement, and despite the bitterness towards the US as a result of it, at the end of the day, many believe it will find the way to help Israel and guarantee its security. According to their view, Europe still has an impact on Israeli policy mainly due to three main factors: Roots - numerous Israelis are originated in Europe, many common values and advanced economic relations.

We will attempt to briefly summarize the different positions that exist in Israeli discourse regarding and following the JCPOA.

The objective of the agreement, apart from the immediate aim to dismantle Iran from nuclear weapons, is to make Iran a more cooperative and

moderate country. The prevailing view in Israel, also accepted by the government, is that the outcome will be the opposite. Iran will have more liberty and autonomy to act in the region with its old notorious measures.

Israel is having a hard time to accept the fact that the EU (and the US) are moving toward normalization with a country that does not recognize Israel's right to exist and even takes measures to back these positions, in the form of supporting terrorist actions against Israel.

However, there are voices in Israel, though not many, who think this is an appropriate agreement that achieves its primary objective which is, first and foremost, a significant postponement of the ability of Iran to acquire nuclear weapons. In addition, regional opportunities can be formed following the agreement, both economic and political, which could eventually move Israel and the entire region forward.

Below are three executive summaries of articles written by some of the distinguished participants of the meeting. The full articles can be found on the IEPN website.

The EU-Israel Relations in light of the Iran Nuclear Deal

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Executive Summary

The Joint Comprehensive Plan of Action with Iran and especially its phase of implementation, potentially creates frictions between Israel and the European Union. This may result from the view shared by all of the EU heads of member states and institutions that the deal with Iran is a major diplomatic success and an economic opportunity hence, the expected reluctance of the EU to recognize major breaches of the arrangements concluded with Iran. Israel on the other hand, vehemently criticizing the JCPOA will independently monitor its implementation and quick to point violations by Iran.

It will be useful for the EU and Israel (and the US) to establish an informal mechanism where intelligence on the JCPOA is shared, compared and evaluated in an attempt to minimize the potential damage to the bilateral relations.

The fact that the EU has been deeply involved in the negotiations with Iran should not in itself be viewed as evidence that it has no role in the context of a political solution to the Israeli -Palestinian conflict. What is currently required is more realistic European assessment of whether a comprehensive solution to that conflict is realistic. Given the domestic political

circumstance on the Palestinian and the Israeli sides the attainment of such an agreement is highly improbable. It is necessary to search for what are feasible solutions assuming that all relevant actors do not accept a status quo as an acceptable one.

The EU statements in the past offering incentives to Israel and the Palestinians if and when they reach a comprehensive agreement, have been vague. The Government of Israel is unlikely to change its policies on the Israeli-Palestinian conflict, but even if it were to contemplate a major change and to the extent that the EU-Israel relations are a factor in the deliberations in the consideration of such changes, the EU will have to come forward with a more concrete and detailed vision.

Israel cannot ignore the interest of the EU in the region and should not dismiss the potential constructive contribution to the maintenance of political agreements reached by Israel and its neighbours. Third parties involvement will be required in different capacities and in different roles and the EU can add a valuable contribution.

For the full-text article: <http://goo.gl/ea6a56>



A new geopolitical and economic outlook for the EU? How closer relations with Iran might affect the bilateral relations between the EU and Israel

Dr. Walter Posch

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Executive Summary

Nihil novi sub sole

What will change? – Nothing will change!

After the signing of the JCPOA (Joint Coordinated Plan of Action), many authors – including those who should know better – put a lot of hope into a “new beginning” of European-Iranian relations. Although sympathising with these hopes, I try to pour some cold water on heated expectations: neither is Iran the constructive and competent partner many in the EU dream of it to be, nor does the EU conduct an Iran policy worth that name, let alone having formulated something remotely reminiscent of a European strategy on the Middle East. Finally, relations with Israel remain what they are, stable but bumpy and increasingly farther away from the EU’s Holy Grail for the Middle East conflict: the “two state solution”, solemnly formulated in the “Declaration of Venice” of 1980.

In short, I do not foresee any qualitative change in relations with Iran or Israel in the years to come; this

said, there could be “quantitative” changes, which at a certain point in the future may (or may not) lead to qualitative changes in bilateral relations. As an expert on Iran (domestic, security, regional policy, relations with EU) but not on Israel, my comments will focus on EU-Iran relations.

EU-Iran: Back to un-normal

To begin with, the signing of the JCPOA ends a decade long crisis in EU-Iranian relations. What makes things a bit trickier is the fact that the core of this crisis was not even European, but the state of play in US-Iranian relations on one hand and transatlantic relations (EU-US), on the other. Hence, European policy on Iran was tied to the US (but not vice versa). It will be interesting to see whether the EU and/or the E3 (France, Germany, UK) will decide to unravel the legacy of a decade of intense foreign policy coordination on Iran, both inside the EU and between the E3 and the US. Given circumstances, E3/EU and the US will continue to coordinate for the foreseeable future and therefore any sudden change of EU-Iranian relations is extremely unlikely. And there is a good reason to continue cooperation, namely the implementation of JCPOA and the lifting of sanctions. Here timing is important: the JCPOA foresees a time frame of eight years for full implementation, however the political clock ticks faster: if in two years from the date of signature no significant progress is made (JCPOA implementation is on track, sanctions get lifted step by step), the whole process might be at

risk. Thus the nuclear crisis will only be over when this complicated and extremely risky process bears fruit. Until that day, EU-Iranian relations are still in crisis modus. In other words, the implementation of JCPOA and the end of sanctions signify the end of crisis.

The Economy

It is no exaggeration to state that Iran needs the lifting of sanctions more than the EU does. But this does not mean Europe can easily forego an important market and potential energy provider like Iran so easily, especially when relations with Russia sour. Yet, for the EU doing business is much more and has an almost ideological touch. Promoters of an intensified economic engagement with Iran would justify it by quoting (West-)German “Ostpolitik” and its motto “Wandel durch Handel” – change via trade. As long as one does not mistake “change” with “regime change” or “change of the character of the regime” this motto holds true. There are indeed real chances that the presence of a huge expatriate community in Iran could have a moderating impact on the way the regime deals with parts of its own population. But one has to be realistic that it will affect Iran’s overall human rights record only marginally if at all and as long as money pours in the motivation to alter the nature of the Perso-Islamic security state remains very low.

Regional policy

With the nuclear issue allegedly solved and under

the impression of the Syrian crisis, notably, the rise of the Islamic State, many analysts in Europe and the US believe that Iran should be included in any kind of a regional solution. In principle, there is nothing against this argument, unless of course one tests it against the background of reality. To begin with, Iranian foreign policy regarding the region is based on principles some of which are contrary to Western interests, whereas others don't – such as the fight against Israel as an illegitimate entity or that never again war against Iran should emanate from a neighbour state. What Western decision makers find so confusing is Iran's ability to implement its aims pragmatically. Iran follows a whole of nation approach that explains the excellent media/propaganda coverage of its policy, the smartness to change the political and ideological justification of what Iran does in the region but also the double hatted-ness of many of its assets deployed in the region. But most importantly Iran coordinates and reviews policies and strategies very well and thus has the necessary flexibility to react if circumstances change without losing credibility towards the international and domestic public, something Western politicians will miss due to a naïvely "critical" and anti-American public.

Conclusion

The signing of the JCPOA will not result in the creation of "normal" EU-Iranian relations but it will de-escalate the existing crisis mode and opens the doors

for greater engagement. However the weaknesses of Iran's economy are related to the weakness of the rule of law in this country and the EU does not have a big card to play here. Mutual frustration on the economic front may set in early on and thus lead to crisis again. On the regional level cooperation with Iran makes sense but before cooperation is possible clarity of objectives must be achieved first. If this is not the case, regional powers will drive dynamics without any input on behalf of EU and E3.

For the full-text article: <http://goo.gl/OXMmn5>



Sanctions: South Africa, Iran, Israel

Dr. Alon Liel

Executive Summary

As we approach the date of June 2017 – 50 years of Israeli occupation, the international opposition to the occupation (especially of the West Bank) is intensifying and talks of possible sanctions against Israel itself, or mostly about Israeli activities in the West Bank are increasing.

Raising this issue increases the curiosity about two cases in which international sanctions have made a difference in our time, even if it took several decades.

Sanctions against South Africa, which already began in the fifties of the last century (by Third World countries, led by India) have eventually resulted into a real impact in 1986 and to an ultimate decision in 1994. Sanctions against Iran began in the late seventies (by the United States), have eventually resulted into a real impact in 2012 and to an ultimate decision in 2015. Both Iran and South Africa argued for many years that the sanctions are achieving the opposite effect and are only strengthening that part of the population the rest of the world sought to weaken. The end of story was different then, even though the sanctions were only part of a broader set of factors.

The State of Israel is not expected to face sanctions (military and economic) similar to those imposed on South Africa and Iran. Nevertheless, the continuation of the occupation without a political solution can motivate a series of measures and international processes of various kinds to prompt considerable pressure on the Israeli government and perhaps even the Israeli public.

Even if the nature of the measures would be completely different (less military and economic and more political and cultural), the key question is whether they will be able to create a critical mass that will bring the government of Israel or the Israeli

public to a substantial change in attitudes that will allow an Israeli-Palestinian agreement and the end of the occupation. A partial answer can be found in the fact that the Israeli economy, as well as other systems (e.g., the academy and the health care system) is very vulnerable in view of the possibility of international isolation. One might conclude that a sweeping economic embargo on Israel will not be required in order to force it to change attitudes.

Another important point: In the end, it seems that Europe settled the issue of sanctions against South Africa and Iran. Also in the Israeli case, it seems that actually Europe, rather than the United States, can be the continent which will lead the pressure measures on Israel (with the possible assistance of the United Nations). In any case, one can take a risk and say that without a strong European involvement and firm pressure on the Israeli issue, it is hard to believe that economic, cultural or scientific measures against the continued occupation will be crucial.

For the full-text article: <http://goo.gl/rwH78Q>





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