

Germany's Relations with Iran beyond the Nuclear Deal: Readjusting Foreign and Development Policy

Ali Fathollah-Nejad

The July 2015 nuclear agreement with Iran – the Joint Comprehensive Plan of Action – brought the decade-long controversy over Iran's nuclear program at least temporarily to an end, enabling Germany to revitalize its relations with Iran. In accepting the deal, Iran agreed to see extensive measures be put in place to prevent the country from becoming a nuclear power. In return, the five permanent members of the UN Security Council plus Germany lifted nuclear-related economic sanctions.

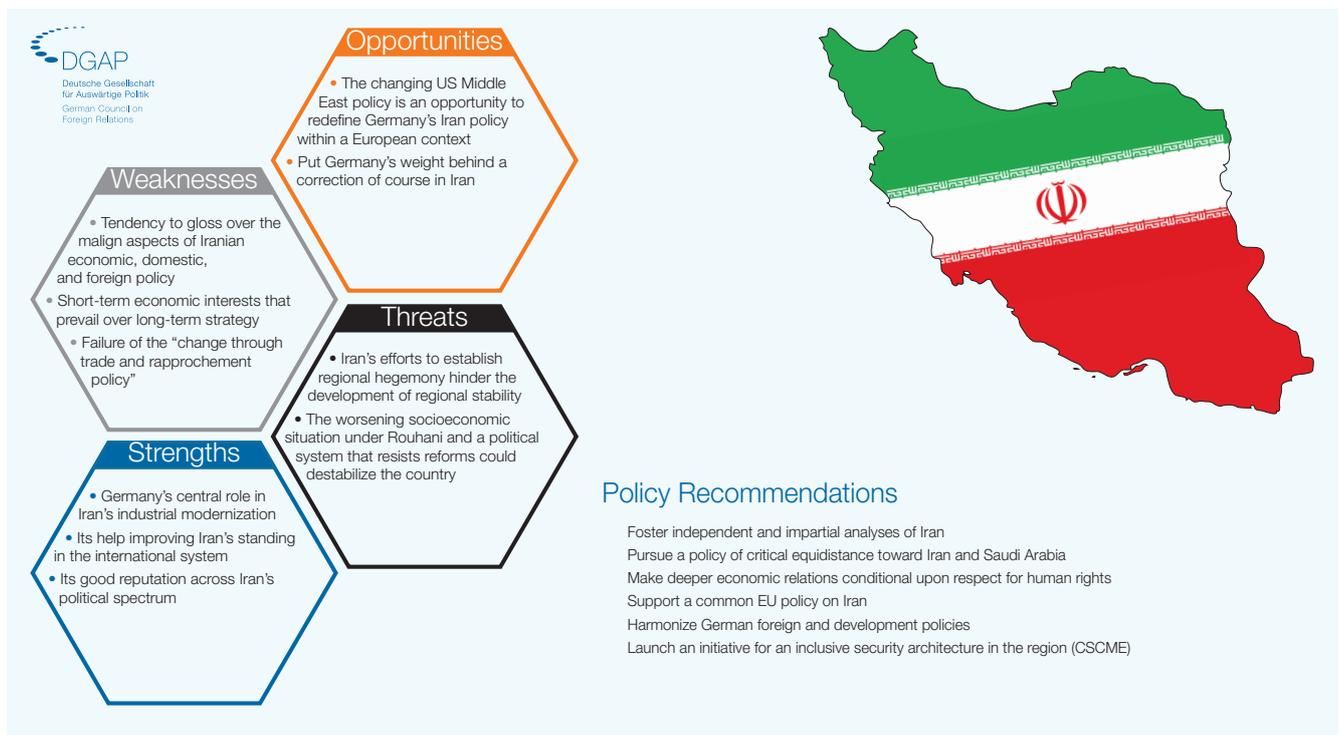
Europeans had hoped the agreement would have a positive effect on Iran's domestic and foreign policies. This has not been the case, however. Internally, human rights and socioeconomic conditions have worsened, and externally Iran has pursued its goal of retaining and expanding regional power with ever more intransigence.

This policy in turn has fueled the conflicts in Iraq and Syria and acts as a thorn in the side of Saudi Arabia and Israel, two important partners for Germany. The balancing act between maintaining Germany's close relationships with these partners and simultaneous rapprochement with Iran has become even more difficult.

German Interests

The rapprochement made possible by the nuclear agreement with Iran rests on two pillars: economic and energy policy on one pillar and foreign policy on the other. Germany's primary interests in Iran are, first, to promote stability in the Persian Gulf region, which continues to be vitally important for global oil supplies; and, second, to resolve the conflicts in the Middle East, not least in order to prevent further refugee movements toward Europe.

Interests include diversifying German and European energy supplies (for example, through increased Iranian imports, which would reduce the significant dependence on Russia), improving exports of its industrial goods, and expanding economic relations with Iran. The revitalization of commercial and political ties with Iran has been rationalized as an integral part of a "change through trade and rapprochement" policy. A sober assessment, however, reveals that this strategy has so far failed.



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Iran Can No Longer Be Viewed as an Anchor of Stability in the Middle East

Considering Germany's own interests, its next government should revisit the country's positions on Iran. The current policy has neglected clear risks, particularly Iran's efforts to establish regional hegemony, which have led to a marked deterioration in Iran's relations with its neighbors. As such, they run counter to Germany's goal of promoting stability in the region.

Above all, Germany needs to reassess its reading of Iran as an anchor of stability in the region. The same factors that contributed to the 2010–11 upheavals in the Arab world are present in Iran. With its dire socioeconomic conditions and a political system resistant to reforms, the country presents a fragile rather than a stable prospect.

Germany's Strengths and Weaknesses

The strengths of Germany's relationship with Iran lie in its central role in the modernization of Iran's industrial infrastructure; in the good reputation it enjoys across the Iranian political spectrum; and in its substantial role in helping Iran improve its standing in the international system.

The chief weakness of Germany's current approach is that it glosses over the malign aspects of Iranian domestic and foreign policy since 2015. By overemphasizing aspects of change under President Rouhani, Berlin has failed to meaningfully consider the worrying continuities. For example, it has generally overlooked the fact that, while Iran's various political factions compete in day-to-day politics, they are united in a common overriding purpose: ensuring the regime's security and survival. German foreign policy tends to project Tehran's "constructive engagement" on the nuclear issue onto the country's regional policy. This misperception, combined with short-term economic interests, has thus far prevented Berlin from investing diplomatic energy into moderating Iranian domestic or foreign policy.

Threats and Opportunities for Germany

Germany and the European Union took advantage of the space offered by the Obama administration's Iran policy

by initiating their own course of rapprochement with Tehran. Now, with President Donald Trump's rejection of any conciliatory approach toward Iran, voices in the EU have called for an emancipated Iran policy independent of the US. This opens up opportunities to redefine Germany's Iran policy within a European context.

Setting Conditions for Cooperation

Considering German interests, a readjusted policy toward Iran should include the following core elements:

- ***Pursue a policy of equidistance toward Iran and Saudi Arabia***

This is the starting point for any successful German or EU approach to the region. In practice, this means being equally critical of the regional roles of Riyadh and Tehran to avoid giving the impression of favoritism. Successfully balancing relations with the two countries would improve Germany's standing in resolving those regional conflicts where both Iran and Saudi Arabia are key actors. To some extent, it could also slow the violent spiral of escalation between the two countries. Specifically, Germany and the EU must criticize – and strive to correct – Iranian policy in two particular areas, both connected to the fight against terrorism: 1) Tehran's sectarian regional policies in Syria and Iraq and 2) its support for the Assad regime. Both factors have contributed significantly to the rise of violent extremist Sunni groups such as ISIS.

- ***Make deeper economic relations conditional on Iran's respect for human and civil rights***

The next German government should put human rights firmly on the policy agenda of bilateral relations. The human rights situation in Iran is dire – the country has the highest rate of executions worldwide – and human rights activists, dissidents, women's rights activists, trade unionists, and minorities suffer ongoing political repression. It is no coincidence that Iran is currently one of the biggest source countries for refugees in Germany. The next government would greatly increase its scope for exerting influence by making the deepening of economic relations conditional on Iran's respect for human and civil rights.

- **Support a common EU policy on Iran**

Such a policy should connect the principles of long-term stability with economic interests. The EU's Global Strategy already defines the cornerstones of a European Iran policy: engaging both the Gulf Cooperation Council (GCC) and Iran; improving dialogue with Iran and the GCC states on regional conflicts, human rights, and the fight against terrorism; and preventing existing conflicts from spreading. Indeed, successful coordination of European policy could prevent Iran from playing individual EU member states against each other in bilateral relations. A Franco-German initiative should be at the core. Though France does pursue its own economic interests in Iran, its government, too, is concerned about Iran's regional policy. Italy, another important economic partner for Iran, could be a third partner.

- **Launch a German and EU initiative for an inclusive security architecture in the region**

In the short run, this would prevent the Iranian-Saudi rivalry from escalating further. Establishing a Conference for Security and Cooperation in the Middle East (CSCME) would constitute a meaningful effort to find sustainable solutions to the variety of complex challenges in the region. The concept of common security ought to be established as a new paradigm, while confidence-building

measures as well as “soft” and “hard” topics need to be addressed. Launching such a conference would undeniably require enormous political and diplomatic effort on the part of Germany and the EU. But in the absence of such an initiative, European states are likely to see far greater costs as a result of endemic conflict raging in the Middle East.

- **Harmonize German foreign and development policies, with a view toward benefitting the majority of the Iranian population**

Supporting inclusive and sustainable economic development in Iran would contribute substantially to Germany's primary interest: promoting stability in the Middle East. The nature of domestic economic policy and foreign trade relations has only worsened the socioeconomic situation of Iranians, politically paving the way for the re-emergence of right-wing populism. This could lead to a rightward shift in the political system at the next presidential elections in 2021.

Ali Fathollah-Nejad is an associate fellow in the DGAP's program for the Middle East and North Africa.