

# Debate on the Future of Europe

Institut d'études européennes –  
College of Europe of Bruges

## POLICY RECOMMENDATION

**What role for the European Union in the attempt  
to revive a nuclear deal with Iran – prospects and  
take-aways from previous JCPOA**

Esther Nicolas – Angharad Wenn – Edoardo Padovano – Toprak Sezgin – Félix Rubbens



# What role for the European Union in an attempt to revive a nuclear deal with Iran – prospects and take-aways from previous JCPOA

## **Foreword and disclaimer**

This policy recommendation was drafted prior to the reinstatement of Donald J. Trump as President of the United States in January 2025 and before the recent escalation of tensions in the Middle East, including military operations involving the Islamic Republic of Iran and military operations on Iranian nuclear facilities. As such, the analysis and recommendations contained herein reflect the geopolitical context and diplomatic dynamics as they stood before these significant developments. While we still plead in favour of and believe in the need for European Union diplomatic efforts, readers are advised to consider subsequent events when assessing the feasibility and relevance of the proposed policy options.

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## EU-Iran diplomatic relations

The weak diplomatic relations between the EU and Iran hamper the EU from exerting further pressure on the Iranian government to comply with its demands regarding the signature of the Nuclear Deal. Moreover, the EU is currently represented by the MS holding the presidency of the Council, reducing the coherence and effectiveness of its diplomatic action. The EU should thus open a delegation in Iran, to foster negotiations and dialogue with the Iranian government and give more coherence to its action under the guidance of the HR/VP. It would also be a way to advance the EU interests in Iran, promote the stability of the area, compensate for the US absence under the Trump presidency, and favour the signature of the Iranian Nuclear Deal. This should be done while ensuring Iran's compliance with international agreements and aiming at improving the human rights records in the country. In practice, the diplomatic efforts to open such a delegation are ongoing and the information about the negotiations are confidential. The EU shall continue to promote these negotiations, also taking advantage of the slightly more collaborative stance of the new President. However, the Iranian government could be unwilling to offer sincere cooperation and the diplomatic efforts could prove to be useless, especially on human rights concerns. Moreover, the E3 countries within the JCPOA could clash with the EU permanent representative. Therefore, to ensure Iranian compliance, diplomatic measures should go hand-in-hand with economic sanctions, used as a carrot-and-stick. Furthermore, the end of JCPOA in October 2025 could be a chance to establish an alternative framework beyond E3.

## Human-Rights dimension

The EU is often seen on the international stage as a normative power, if we refer to the discourse on « Normative Power Europe » developed by Ian Manners, which intends the EU as a force for good. Its role on the international stage would then be to defend and promote its normative basis, materialised by five 'core norms' (peace, liberty, democracy, rule of law and respect for human rights) (Manners, 2002: 242-244).

As part of the negotiations with Iran, the EU could affirm this position and include the issue of human rights in Iran in the negotiations. The human rights situation in Iran is far from European standards. Fundamental rights are systematically violated, notably through political repression; censorship and restrictions on freedom of expression, on demonstrations and gatherings; the use of torture and the death penalty; ethnic and religious persecution; and the reduction in the rights granted to women, as well as systematic discrimination and violence against them (Amnesty, 2023). Unfortunately, reaching the civil society in Iran has become even more challenging in recent years. Nevertheless, it remains necessary to include them in the negotiations.

## A Two-Stage EU-Led Iran Nuclear Agreement: concrete steps

As hinted above, to ensure a sustainable and enforceable nuclear agreement with Iran, the EU should adopt a two-stage approach: an intermediate agreement to de-escalate tensions and restore trust, followed by a comprehensive nuclear deal with stronger, long-term commitments. By anchoring the deal in

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European economic incentives and legal guarantees, the EU can provide Iran with sustained benefits while maintaining leverage over compliance, even if the U.S. withdraws or refuses to be part of the initial deal.

An intermediate agreement should focus on confidence-building measures. Iran would freeze uranium enrichment in exchange for limited and conditional sanctions relief, facilitated through a revamped INSTEX mechanism OR an EIB investment plan (as planned in 2018), enabling trade and financial transactions outside U.S. sanctions. The EU must guarantee independent trade and investment ties with Iran, ensuring long-term economic engagement. To integrate human rights concerns, sanctions relief should be linked to measurable improvements, such as prisoner releases and judicial reforms, through snap-forward clauses. Additionally, establishing a Europe-Iran Economic Forum, with an EU delegation in Tehran, would institutionalise long-term engagement and reinforce economic stability.

A final comprehensive deal must include permanent nuclear limits and verification mechanisms, with Iran capping uranium enrichment indefinitely, ratifying the IAEA Additional Protocol, and committing to real-time monitoring of its nuclear activities. Strict verification measures must be a non-negotiable clause, ensuring effective enforcement. Iran should also formally limit its ballistic missile range to 2,000 km, maintaining defensive capability while addressing Western and regional security concerns. In parallel, the EU should facilitate a regional security dialogue with

Iran and Gulf states to promote stability and reduce tensions.

To make the agreement resilient to U.S. policy shifts, the EU should expand INSTEX 2.0, allowing broader trade and protecting European businesses through sanction-proof contracts and legal protections. The deal should be enshrined in a binding UN resolution, preventing unilateral withdrawal and reinforcing EU-backed dispute resolution mechanisms for compliance oversight.

By leading a two-stage diplomatic and economic engagement strategy, the EU strengthens its geopolitical and economic position, ensuring regional stability while reducing global dependency on U.S. policy shifts. A structured EU-Iran partnership would diversify Europe's strategic alliances, reinforcing its role as a credible and autonomous global player in nuclear diplomacy.

## **Charting a Role for EU Financing and Investment in Iran**

To encourage Iran to be more cooperative with the EU regarding a revival of the JCPOA and compliance afterwards, implementing an old policy proposal of extending European Investment Bank funding to Iran and carrying out EFSD+ operations would be a critical step forward and in line with the Islamic Republic of Iran Multi-annual Indicative Plan 2021-2027 (MIP).

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## **Laying the Groundwork for EU Financing and Investment in Iran**

**EIB Framework Agreement with Iran:** As the EIB has often done with other non-EU countries, a framework agreement can be signed with Iran. The contents of the document can include stipulations to support investments in line with the priority areas delineated in the MIP. However, the lack of EU diplomatic representation in Iran complicates a possible framework agreement and therefore, this proposal has to go hand-in-hand with this brief's proposal of opening an EU Delegation in Tehran.

**Iranian Membership in the EBRD:** Although a non-EU body, the European Bank of Reconstruction and Development is a significant institution in close cooperation with EU financial bodies. Convincing the Iranian government to become a member of the EBRD via becoming a stakeholder, can pave the way for their further integration in the European financial system and facilitate their pathway into becoming a recipient country for the EBRD

**Encourage Iranian Harmonization with International Financial Standards:** As also noted in the MIP, Iran remains non-complaint with KYC/AML/CFT international financial standards. Diplomatic endeavours to convince Iran to comply with these standards can contribute to the laying of groundwork for EU financing and investment there.

## **Extending EU Aid and Lending to Iran**

**Implementing NDICI Aid in Iran:** In line with the MIP, the Neighbourhood, Development and International Cooperation Instrument, Global Europe (NDICI) can be used to provide aid to Iran under certain thematic programs and the Asia-Pacific Regional Indicative Program. If Iran is eligible to receive funding and commitments from the EU to support development in the country, this would create a stronger image of the EU both in terms of the Iranian public authorities and the general public.

**Realizing EFSD+ Activity in Iran:** Due to the aforementioned issues in “Laying the Groundwork for EU Financing and Investment in Iran” which are also found on the MIP, Iran remains ineligible to receive blended finances and guarantees under the European Fund for Sustainable Development Plus. Addressing challenges to Iranian accession to the EFSD+ will both ensure a higher level of convergence between the EU and Iran and incentivize their commitment to a renewed JCPOA. Furthermore, this would be a continual of an older Commission delegated decision from 2018 (C(2018) 3730), which would have foreseen guarantees for EIB investments under the now-defunct EIB external lending mandate in Iran.

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