

European Union tries to salvage Iran nuclear accord from US unilateralism

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European Union foreign policy chief Federica Mogherini hosted meetings with the German, French and British foreign ministers, and Iran's foreign minister, Mohammed Javad Zarif, in Brussels Tuesday in a desperate bid to salvage the Iran nuclear accord.

The meetings followed US President Donald Trump's May 8 announcement unilaterally withdrawing from the accord that was signed in July 2015 by the US, Germany, France, Britain, Russia and China. Trump stated that the US would re-impose crippling economic sanctions on Iran.

US officials then demanded that the EU sever its trade relations with Iran.

National Security Advisor John Bolton declared, "No new contracts are permitted," and gave European businesses 90 to 180 days to wind down operations in targeted sectors such as oil, energy, auto and shipping. Failure to comply would mean that the EU would face secondary sanctions.

The European powers, as well as the state and corporate media, condemned Trump's action, calling for the treaty to be preserved and vowing to defend their business interests against Trump's threats to impose the "highest level of economic sanctions against Iran."

In the most immediate sense, the Europeans are concerned that Trump's withdrawal from the deal cuts across their attempts to exploit Iran economically under conditions where the continent's economy is slowing.

US trade with Iran was only \$170 million in 2017, while EU-Iran trade was worth \$25 billion. EU trade with Iran increased from €7.7 billion in 2015 to €21 billion last year, making the EU Iran's third-largest trading partner, after China and the United Arab Emirates.

The European powers also fear that the re-imposition

of sanctions presages a war with Iran, whose impact will be profoundly destabilising and include soaring oil prices and a further mass influx of refugees.

Whether through war or by engineering regime change in Iran, the US intends to consolidate its hegemony over the Middle East at the expense not only of China and Russia but also its European allies.

French Prime Minister Emanuel Macron and German Chancellor Angela Merkel both went to Washington last month to ask Trump not to jettison the Iran deal. British Foreign Secretary Boris Johnson followed to hold talks with Vice-President Pence and Secretary of State Pompeo.

In a bid to convince Trump to remain in the deal, the Europeans agreed to make a series of fresh demands on Tehran, but to no avail.

Since then, the US Treasury has announced more sanctions, including on Iran's central bank governor and a deputy for allegedly assisting or providing support for Iran's Islamic Revolutionary Guards Corps Quds Force and Hezbollah in Lebanon just minutes before the Brussels meeting began.

Tehran has promised to keep its side of the deal as long as Iran can sell its oil and has given the EU 60 days to guarantee the implementation of the nuclear deal. Further joint meetings are to be held next week in Vienna and an EU heads of state meeting in Sofia on Wednesday.

Speaking Tuesday evening, Mogherini pledged to keep the 2015 nuclear deal alive without the US by trying to keep trade and investment in Iran flowing, but admitted it would be difficult to provide the guarantees Tehran is demanding. The EU had agreed to find practical solutions and to continue buying Iran's oil and gas products, maintain effective banking relations and protect European investments in Iran. But, she

added, “I cannot talk about legal or economic guarantees...”

Zarif stressed, “We need to reach some sort of guarantee that these benefits can be guaranteed for Iran within that specified period of time ... a few weeks.”

There was no disguising the Europeans’ political and economic impotence vis-à-vis the US. The European powers are seeking to pursue trade relations with Iran, under conditions where the EU’s trade and investment with the US is incomparably greater.

Some companies, including Danish shipping’s Maersk Tankers and Torm and German giant Siemens which has signed contracts worth more than \$1.6 billion, have already announced they will cease trading with Iran. Airbus, which has a deal to deliver 100 jets to Iran, has yet to decide its course of action.

There have been various suggestions as to how the Europeans could evade “secondary sanctions,” which would mean an economic confrontation with the US. But none of them are very convincing.

One is the “blocking statute,” drawn up in 1996 in response to US sanctions against Cuba, which would make it illegal for EU companies to comply with laws with extraterritorial application. This would need amending for this situation and require the agreement of all 28 member-states.

Another is retaliatory measures such as a “clawback” clause that would allow for the recovery of costs incurred for US sanctions violations via tariffs on US exports to the EU. French Economy Minister Bruno Le Maire, citing the need for the EU to defend its own “economic sovereignty,” called for the creation of a European body with the power—similar to the US Justice Department—to punish foreign companies for their trade practices.

Others have called for the European investment banks to provide lines of credit to Tehran and facilitate loans or substitute the euro for the dollar in international trade.

While this might help medium-sized companies with no trade or investment ties with the US, it would be of no use to the European transnationals, such as automakers Peugeot and Daimler, and Danish pharma group Novo Nordisk, for whom the US is a major market. Most commentators suggest that banks would not be prepared to risk funding such ventures and incurring the wrath of the US.

All these measures risk exacerbating the already-embittered trade relations with the US, under conditions where Trump has threatened to impose trade tariffs on the import of European steel and aluminium.

The European powers are therefore pinning their hopes on an appeal to those factions in the US political establishment opposed to Trump’s decision on Iran, pointing out that it threatens not only trade relations with Europe, but political relations as well.

In addition, while the European powers are publicly putting forward a united front against the US on the Iran nuclear deal, there are clear divisions between them. Some of the smaller countries have little or no trade with Iran, while others, such as Britain, despite their opposition to Trump’s withdrawal from the accord, are deeply anxious to avoid alienating Washington.

Whatever the outcome of the talks, the rift between the US and Europe is deepening.

The EU’s promotion of its business interests in Iran and the broader Middle East is setting it on a collision course with Washington. The European powers defend interests no less reactionary than those advanced by Trump, including through illegal interventions in the Middle East like last month’s bombing of Syria by Washington, London and Paris—following years of covert action in the war-torn country. But the pursuit of a commercial and military policy independent of Washington will require a vast increase in military expenditure if they are to compete with the US.

Such a policy necessitates ramping up attacks on the working class to secure the hundreds of billions of euros needed to create a credible military rival to the Pentagon. This is the road which the European powers are intent on taking.



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