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Perspective on the Economic and Strategic Relations between the EU and USA Regarding the Stage of Iran Denuclearization Agreement

Angela-Mihaela Ene¹

Abstract: The approach of the theme regarding the Nuclear Agreement concluded in Vienna on the 14th of July 2015, between Iran and the United States, Great Britain, France, Russia, China and Germany in terms of economic and strategic relations between the US and the EU aims to characterize the real stake of the USA initiative, namely, to withdraw from this agreement. Looking in detail at the meetings between the USA President, Donald Trump and the French President, Emmanuel Macron on one hand and Angela Merkel, Chancellor of Germany, on the other hand, we can understand that the real stake of these official meetings is represented by the new possible positions in the economic and strategic military arena of the three powers: USA, France and Germany. It is understandable that the subsequent change of terms of the nuclear agreement with Iran is only a reason to reconsolidate US economic interests to the detriment of the EU and especially of France and Germany, which also arises from the attitude of the two European leaders.

Keywords: Iran nuclear agreement; USA - EU economic relations; strategic interests

Introduction

Described as a historical step in international security, Iran Nuclear Arrangement is now raising new issues regarding its continuation and maintenance in the current form, especially by USA President, Donald Trump. In addition to the de facto aim laid down in this agreement, namely that Iran should substantially reduce the enriched uranium deposits and laboratories in order to eliminate the risk of nuclear weapons production and maintain security in the area, there are also major economic interests, both of the EU and the USA.

Even though the negotiations before signing the agreement in July 2015 were made by all the signatories in a responsible manner, we can see that now, less than three years after the signing, the USA wants to withdraw and impose new economic sanctions through the voice of President Donald Trump.

The economic sanctions that the USA wants to implement are extremely harsh, we could say even radical, more exactly they want US companies and US partner companies to stop all trade relations with Iran, which is definitely rejected by the EU.

The novelty that we are describing in this analysis, the one regarding the economic foreign policies between the US and EU, is the US attempt to reset the international rules on economic and foreign policy cooperation under the auspices of the United Nations and the World Trade Organization. Thus, as part of an international agreement, the US attempts unilaterally and without deliberating on the economic and

¹ Senior Lecturer, PhD, Danubius University of Galati, Romania, Address: 3 Galati Blvd., Galati 800654, Romania, Tel.: +40372361102, Romania, E-mail: angelamihaela.ene@univ-danubius.ro.

strategic consequences of the other states involved, to use its dominant position in favor of its own economic interest

With lifting the economic sanctions, after the agreement had come into force, Iran benefited from the “defrosting” of about 90-120 billion dollars, but these funds could be partially accessed because of the inability of the interbank infrastructure. According to the Central Bank of Iran, the country’s debt is about 5.5 billion USA dollars. As an improvement of the relations with the EU and the Far East, export credits and financial guarantees are becoming more and more accessible to Iran. Italy and Japan allocated 10 billion US dollars in this respect and South Korea 5 billion USA dollars.¹

Content

A very important location for the trade with the Middle East, the Caucasus and the Far East, situated at the heart of the trade corridor between Europe and Asia, Iran has the geostrategic and natural resources to maintain the increased interest of the great powers. The hydrocarbon reserves are mainly made up of oil (the world's fourth-largest) and natural gas (the world's second-largest) and these energy sources represent the currency of global economic security.

Considering the geographical location of Iran, with neighbors like Azerbaijan, Armenia, Turkmenistan, Afghanistan, Pakistan and Iraq, we can see the distribution of the influence of the two great powers, the USA and Russia. We could say at first sight that the distribution of influence is balanced, i.e. Russia's control of Azerbaijan, Turkmenistan and Pakistan and of the USA on Afghanistan, Armenia and Iraq, but the EU intervenes in this area. The European Union depends very much on the supplies made by Russia and a cooperation on hydrocarbons, especially natural gas, with Iran, is a major point of interest for the Union's economic security.

For example, on 01.07. 2013, the USA issued the Congress Executive Order to ban the export to Iran of parts and components for the automotive industry on the grounds that this branch is considered a resource of the power institutions for the proliferation of activities in the nuclear program. Obviously, this measure has been an instrument in managing purely economic interests, not a viable measure in terms of risk prevention in Iran's nuclear program.

In the recent meetings between USA President, Donald Trump, Emanuel Macron and Angela Merkel, the EU is looking for urgent solutions to protect its investments and interests in its relation with Iran as a means of counteracting the relation between the EU and Russia. It is a back-up measure, but also an opportunity to strengthen the geostrategic influence that the Union wants in the global strategic-military and economic balance plan.

The USA response and reaction to the two European leaders' call for a nuclear agreement is questionable, especially as Israel, through a public presentation of the prime minister, has revealed evidence that seriously criticizes Iran's compliance with the terms of the agreement.

For months, the USA Department of State has been pressurizing the authorities of the European countries in order to make them give up trade relations in Iran. The pressure on the EU states is even bigger, as the law of the Congress setting out the sanctioning of American companies that will cooperate with the Iranian party, enjoys very high support.

¹ Guidebook of Islamic Republic of Iran.

“Our goal must be zero foreign investments”, said Tom Lantos, chairman of the Foreign Affairs Council, proving how eager the Americans are to isolate Tehran from a commercial point of view.¹

The international and Romanian media are telling and exposing the increasingly tense position of the USA President, Donald Trump.

Deutsche Welle publishes an article from which we are selecting a paragraph: *“But the essence of the problem, former and current USA and European officials consider, is the very fundamental opposition of President Donald Trump to the agreement with Iran, a vision that is likely to be radicalized with John Bolton, a “hardliner”, holding the position of president’s National Security Adviser. In an editorial written three years ago, Bolton suggested that “in order to stop Iran’s bomb, Iran must be bombarded.”²*

Looking at these issues, we can see that the USA desires to isolate Iran at all costs and wants it as at this moment, by exploiting shale gas in its own country, the USA has stopped being an importer and has become an exporter. One of the main targeted markets is Europe, which comes out from USA support in the development of the project *Three Seas Initiative*, with its first warehouse and distribution point in Poland. The USA wants the Eastern European countries to become a gateway to the whole European market, which the EU does not want. The presence of France and Great Britain in the Persian Gulf clearly demonstrates the interests of the Union in energy security and this is precisely what Donald Trump wants to change.

“If this treaty fails or the USA withdraws from it, we will have nothing similar and we fear that the situation will significantly deteriorate, along with everything that is required”, the German foreign affairs minister told the press at the meeting of the foreign ministers from the Group of the 7 most industrialized states, which takes place in Toronto.³

The statements made at the agreement signing by the Foreign Minister of France and presented by the international press agencies at that time strengthen the conviction about the US’s intentions to maintain control over the global energy markets. Thus, we are presenting the opinion of the French official: the French Foreign Minister, Laurent Fabius, said that the nuclear agreement between the big powers and Iran was solid enough for at least ten years and that Western states would closely monitor how Iran used the money coming from lifting sanctions. France’s position of “constructive firmness has allowed a sufficiently solid agreement, at least for a period of ten years”, Laurent Fabius declared for the French daily *Le Monde*. “In the spirit of this, we will monitor its implementation”, he added.

Asked whether he was worried that Iran would try to destabilize the region using the money coming from lifting the sanctions, Fabius replied: “It will be one of the tests and we will be extremely vigilant”. The foreign minister also said he did not think that French companies would be penalized by Iran because of what was perceived as a tough position of France during the negotiations in the Iranian nuclear file.⁴ These statements are conclusive about France’s interests in the region and its presence in the Persian Gulf is extremely important in the EU’s energy security policy.

The USA threat to withdraw from Iran Agreement is fully used by Donald Trump Administration, as the tensions in the customs quota between the two entities have been and continue to be a cause for dispute. It is well known that in his statements, Donald Trump has threatened the European Union with the percentage increase in certain taxes, notably the 25% increase in steel import duties and 10% in EU

¹ <http://www.gandul.info/international/>.

² <http://www.dw.com/>.

³ <https://www.dcnews.ro>.

⁴ <http://stirileprotv.ro/stiri/international>.

imports of aluminum. In response to these statements, European officials have said they can immediately take retaliatory measures to products exported by the USA.

Under these circumstances, it is clear that this agreement represents the pinnacle of a much more complex situation and it clearly describes the lack of tact and the clear intention of the USA to impose the rule on the world market, even at the cost of violating international law. Moreover, the USA foreign debt of nearly 20 000 billion dollars, according to the USA Treasury, may be a turning point and justifies to some extent this impulsive control of the world economy by the USA.

Being a risk that some international rules which govern trade relations between states will be violated, according to USA initiated actions, is not of particular importance to Donald Trump Administration, which presumes that the stake and horizontal effects occurring on the margin of the nuclear agreement with Iran are extremely important for the United States foreign trade policy.

At this point, we can consider that the USA is using any means of action to enhance and strengthen its presence, even to control, maritime trade routes and hydrocarbon supplying areas for their own benefit, invoking in a particular way the national security in relation to the provisions stipulated by the international legislation advocated by the World Trade Organization. The concertation of these actions also comes from the support given in the project The Third Sea Initiative, in which the USA wants to strengthen its position on the Black Sea, the Baltic Sea and the Adriatic Sea.

Against the background of this nuclear agreement, an unprecedented trade war between the USA and the EU is predicted, with long-term, hard-to-repair consequences. An approach by both entities, in line with the provisions of international law and more flexible international trade rules, would certainly be for the benefit of all the states involved.

Conclusions

The analysis carried out on the USA position regarding the withdrawal from the Nuclear Arrangement with Iran and the effects on international relations, especially the trade ones, with the European Union, reveals the lines that the USA wants to address in a relatively short time and through instruments that force the limits of the international regulations which have come into operation.

The main interests of the United States are the consolidation and control of major maritime trade routes, the identification and acquisition of new markets for the supply of liquefied petroleum gas and, last but not least, the re-enactment of international trade law. Through all these measures, the USA is trying to control foreign debt by constraining lending countries, thus managing the flow of external debt and imposing new terms for the future regarding the international economic cooperation. The immediate opening of Donald Trump Administration to sign a large-scale trade deal with the UK is an important milestone in the tension between the European Union and the United States of America.

Through an objective approach of these events, we conclude that it is imperative that international bodies should adopt a firm position and it is desirable to counteract any tendencies to escalate interstate relations and any unfounded actions and mentioned only through the medium of some statements referring to the national security.

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