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INFORMATION NOTE

The European Union and Iran

While the European Union's objective remains to develop with Iran a constructive partnership, from which both sides could draw benefits, since 2005 serious concerns over the Iranian nuclear programme have dominated EU-Iran relations.

The objective of the EU remains to achieve a comprehensive, negotiated, long-term settlement, which would build international confidence in the exclusively peaceful nature of the Iranian nuclear programme, while respecting Iran's legitimate right to the peaceful use of nuclear energy in conformity with the Non Proliferation Treaty and fully taking into account UN Security Council and IAEA (International Atomic Energy Agency) Board of Governors resolutions. A comprehensive solution to the Iranian nuclear issue would also be an important basis to develop EU-Iran relations more broadly to cover areas of mutual concern and interest.

Nuclear

Deep and increasing concerns about unresolved issues and Iran's continued refusal to comply with its international obligations and to co-operate fully with the International Atomic Energy Agency (IAEA) led to UN Security Council Resolutions in 2006, 2007, 2008 and 2010, imposing sanctions against Iran, which are binding on all UN member states. The EU fully implements these UN sanctions and has also adopted a number of complementary measures (see annex A for overview of sanctions).

Detailed IAEA findings on Iranian activities related to possible military dimensions of Iran's nuclear programme, reflected in the IAEA report from November 2011, and on on-going

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nuclear activities in clear violation of several UNSC and IAEA Board of Governors' resolutions, further exacerbated concerns over the nature of Iran's nuclear programme. Against this background and the lack of Iranian engagement in resolving these issues the EU decided to extend its sanctions regime in October 2012. At the same time, based on a dual-track approach of sanctions and diplomatic engagement, the E3/EU+3 (EU Three, France, Germany and the United Kingdom/EU + China, Russia and the United States) maintained their commitment to a negotiated solution of the Iranian nuclear issue and always remained engaged in talks with Iran about its nuclear programme.

Joint Plan of Action – interim agreement

The European Union, in its role as facilitator of the E3+3 nuclear talks, has been actively engaged in diplomatic efforts to find a comprehensive solution to the Iranian nuclear issue. Contacts between the E3/EU+3 and Iran intensified after the election of a new Iranian government in June 2013, leading to several rounds of E3/EU+3 nuclear talks with Iran in October and November 2013 in Geneva. On **24 November 2013**, then High Representative Catherine Ashton, together with E3+3 Foreign Ministers, reached an interim six-month agreement (known as the **Joint Plan of Action**) with Iran in Geneva on a **first confidence-building step** towards a comprehensive and verifiable diplomatic solution to concerns about the Iranian nuclear programme. The implementation of the Joint Plan of Action began on 20 January following several rounds of technical talks. With the entry into force of the Geneva interim agreement, diplomatic efforts entered a new stage and have since been concentrated on seeking a **long-term comprehensive solution to the Iranian nuclear issue**. The objective of the negotiations remains to agree with Iran on verifiable guarantees about the exclusively peaceful nature of Iran's nuclear programme.

During talks at principals' level from 2-19 July 2014 in Vienna the **Joint Plan of Action** was extended until 24 November 2014. Intensive diplomatic efforts in many rounds of talks at political and expert level continued and some progress was made, but a comprehensive deal could not yet be reached during a meeting at Ministerial level in Vienna from 18-24 November 2014. A second extension of the Geneva Joint Plan of Action until the end of June 2015 was agreed with the clear objective to reach a political understanding on key parameters for a final deal by end of March 2015 and to finalise the technical and drafting work by the end of June, when the Joint Plan of Action will expire.

More negotiations at various levels, including strong involvement of Foreign Ministers of the E3+3 and of High Representative Federica Mogherini at various occasions, finally resulted in a **political understanding about the key parameters for a comprehensive solution to the nuclear issue** which was achieved at a Ministerial meeting of E3+3, chaired by the EU High Representative Federica Mogherini, and Iran's Foreign Minister Mohammad Javad Zarif on **2 April 2015 in Lausanne/Switzerland**. This political understanding does not constitute a final comprehensive agreement, but an outline of solutions which will need to be translated into a written text and elaborated in technical annexes before 30 June.

The political understandings reached in Lausanne include core solutions for a Joint Comprehensive Plan of Action regarding Iran's enrichment programme, Fordow, the Arak Heavy water research reactor, transparency measures, the clarification of PMD (Possible

Military Dimensions) as well as ways to deal with EU, US and UN Security Council Sanctions relief and projects for civil nuclear cooperation.

Sanctions

EU sanctions are meant to persuade Iran to comply with its international obligations and to constrain its development of sensitive technologies in support of its nuclear and missile programmes. The measures both implement UN Security Council resolutions and include additional autonomous EU measures. Sanctions are part of the EU's dual track policy of engagement and pressure. Sanctions are adopted and implemented in accordance with international law and respect for human rights and fundamental freedoms.

The EU sanctions target those persons and entities supporting the programme and revenues of the Iranian government used to fund the programme. The EU sanctions are not aimed at the Iranian people. Sanctions are not an end in themselves. The EU sanctions regime will be assessed on the basis of Iran's compliance with its international obligations.

The implementation of the "Joint Plan of Action" includes for the EU the suspension of a limited number of restrictive measures for a period of six months beginning in January 2014. Following the extension of the Joint Plan of Action in July and November 2014 the EU extended the suspension of restrictive measures until 30 June 2015 (see annex A for overview of sanctions and annex B for details on the Geneva Joint Plan of Action).

As regards sanctions relief under a long-term agreement, the political framework reached in Lausanne foresees that the EU will terminate the implementation of all nuclear-related economic and financial sanctions simultaneously with the IAEA-verified implementation by Iran of agreed nuclear-related actions addressing all key concerns (enrichment including R&D (Research&Development), Fordow, Arak, PMD (Possible Military Dimensions), Transparency).

A new UN Security Council Resolution will endorse the comprehensive agreement and will terminate all previous resolutions simultaneously with the implementation by Iran of all agreed nuclear-related steps. However, restrictions on the transfer of nuclear goods and technologies and arms- and ballistic missile-related sanctions will remain until a later stage. Transfer of nuclear goods and technologies and nuclear cooperation as specified in the agreement will take place through a procurement channel mechanism.

Appropriate mechanisms will allow for the reintroduction of UN, EU and US sanctions in case of violation by Iran of its commitments under the comprehensive agreement.

Human Rights

The EU is very concerned by the human rights situation in Iran. The EU has made numerous public statements to this respect and has adopted restrictive measures on 84 named Iranian individuals and one entity that are responsible, directly or by order, for grave human rights violations. In particular, the EU has repeatedly voiced its concern about the deteriorating

human rights situation in Iran. It deplored the widespread repression of Iranian citizens, including human rights defenders, lawyers and journalists, who face harassment and arrests for exercising their legitimate rights.

Nevertheless, the EU is open to exchange views with Iran on human rights issues, and is exploring ways of how this may be best realised. The more moderate stance promised by President Hassan Rouhani, when he was first elected, has risen hopes that the human rights situation in Iran will change for the better. However, despite some promising developments at the very beginning of his term - such as the release of some prisoners of conscience following his election - there remains substantial room for improvement.

Every year since 2004, the United Nations General Assembly has adopted a resolution, supported by many countries, including those of the EU, expressing grave concern at the human rights situation in Iran. In addition, a mandate for a special UN rapporteur was created by the Human Rights Council in 2011 and extended in 2015. Unfortunately, he still has not been permitted to visit Iran. The EU continues to call on Iran to allow the Special Rapporteur to visit the country.

The EU's principal and consistent call on Iran, as on other states around the world, is that it lives up to the international human rights standards and obligations to which it has itself subscribed.

Background

History of EU-Iran relations

Iran and the EU began to look at ways to formalise and enhance their relationship in 1998, in recognition of their shared interest in commercial and political cooperation. The Council adopted a mandate to negotiate a comprehensive trade and co-operation agreement and a political dialogue agreement with Iran in 2001, with negotiations in both spheres starting in 2002, and running up to 2005. A human rights dialogue was conducted during the same period, until Iran declined to participate after 2004. The EU wished gradually to deepen relations with Iran, pending progress by Iranian authorities in four areas: Iran's attitude to the Middle East Peace Process, the human rights situation in Iran, support to terrorist movements and finally, non-proliferation of weapons of mass destruction (WMDs), including nuclear.

This phase came to a halt in 2005, due to revelations on Iran's clandestine nuclear activities and Iranian refusal to fully cooperate with the IAEA. At its September 2005 meeting, the IAEA's board of governors found Iran in non-compliance with its safeguards obligations, because of "many failures and breaches of its obligations to comply with its NPT Safeguards Agreement". Subsequently, the Iranian nuclear issue was reported to the UN Security Council in February 2006.

ANNEX A: RESTRICTIVE MEASURES ON IRAN

- as in force to date (unless otherwise indicated) -

Nuclear programme

In response to concerns about Iran's proliferation-sensitive nuclear activities, the EU has gradually introduced comprehensive restrictive measures since 2007. They implement UN decisions, but also include strong EU autonomous measures. These measures consist in:

- Export and import ban on arms.

–Export and import ban on goods and technology related to nuclear enrichment or nuclear weapon systems, including concerning nuclear materials and facilities, certain chemicals, electronics, sensors and lasers, navigation and avionics.

–Exports of a separate set of goods that could contribute to nuclear enrichment are subject to authorisation by national authorities and only permitted if they don't contribute to nuclear enrichment and weapons development.

–Exports ban on materials relevant to the Iranian nuclear, military and ballistic missile programmes or to industries controlled by the Iranian Revolutionary Guard Corps: graphite, raw or semi-finished metals, such as aluminium and steel, and software for integrating industrial processes.

–Ban on investment by Iranian nationals and entities in uranium mining and production of nuclear material and technology within the EU.

–Ban on imports of crude oil, petroleum products and natural gas from Iran. The prohibition concerns import, purchase and transport of such products as well as related finance and insurance. No vessels designed for the transport or storage of oil and petrochemical products may be supplied to Iran (as of 20 January 2014 measures are suspended insofar as they concern insurance and transport of Iranian crude oil)

–Ban on imports of petrochemical products from Iran. (as of 20 January 2014 this measure is suspended)

–Export and import ban on dual-use goods and technology, for instance telecommunication systems and equipment; information security systems and equipment; nuclear technology and low-enriched uranium.

–Export ban on key equipment and technology for the oil and gas industries, that is for exploration and production of oil and natural gas, refining and liquefaction of natural gas, and for the petrochemical industry in Iran. Ban on financial and technical assistance for such transactions. This includes for instance geophysical survey equipment, drilling and

production platforms for crude oil and natural gas, equipment for shipping terminals of liquefied gas, petrol pumps and storage tanks.

–Ban on investment in the Iranian oil and gas industries (exploration and production of oil and gas, refining and liquefaction of natural gas) and in the Iranian petrochemical industry. This means no credits, loans, new investment in and joint ventures with such companies in Iran.

–No new commitments by EU member states for financial support for trade with Iran, be they short-, medium- or long-term.

–Member states must not give new grants and concessional loans to the government of Iran. Prohibition to provide insurance and re-insurance to the Iranian government and Iranian entities (except health and travel insurance).

–Trade in gold, precious metals and diamonds with Iranian public bodies and the central bank is prohibited. No delivery of Iranian denominated banknotes and coinage to the Iranian central bank. (as of 20 January 2014 measure is suspended insofar as it concerns gold and precious metals)

–Prohibition on financial transfers with Iranian banks, unless specifically authorised in advance. Payments may be authorised if related to foodstuffs, healthcare, medical equipment, agricultural or humanitarian purposes, personal remittances, a specific trade contract, a diplomatic or consular mission or an international organisation enjoying immunities, claims against Iran or to certain specified exemptions (as of 20 January 2014 new authorisation thresholds apply).

–Prohibition for Iranian banks to open branches and create joint ventures in the EU. EU financial institutions may not open branches or bank accounts in Iran, either.

–Ban on the issuance of and trade in Iranian government or public bonds with the Iranian government, central bank and Iranian banks.

–Member states must require their nationals to exercise vigilance over business with entities incorporated in Iran, including those of the Iranian Revolutionary Guard Corps (IRGC) and of the Islamic Republic of Iran Shipping Lines (IRISL).

–National customs authorities must require prior information about all cargo to and from Iran. Such cargo can be inspected to ensure that trade restrictions are respected. Prohibited goods can be seized by member states.

–Cargo flights operated by Iranian carriers or coming from Iran may not have access to EU airports (except mixed passenger and cargo flights). No maintenance services to Iranian cargo aircraft or servicing to Iranian vessels may be provided if there are suspicions that it carries prohibited goods.

–No flagging or classification services may be supplied to Iranian oil tankers or cargo vessels.

–Prohibition to construct new oil tankers for Iran or to participate in their construction.

–Ban on supplying key naval equipment for shipbuilding and maintenance to Iran.

–Visa bans on persons designated by the UN or associated with or providing support for Iran's proliferation-sensitive nuclear activities or for the development of nuclear weapon delivery systems, for instance by acquiring prohibited goods and technology or by assisting listed persons or entities in violating UN and EU provisions; on persons that have themselves evaded or violated those sanctions and members of the IRGC or persons acting on behalf of IRGC or the IRISL. Visa bans currently apply to 94 persons - 43 of them have been designated by the UN, the others are autonomous EU designations. A number of humanitarian exemptions are made to the visa ban. Those individuals are also subject to an asset freeze.

–Asset freeze on entities associated with Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems, for instance by acquiring prohibited goods and technology or by assisting listed persons or entities in violating UN and EU provisions; on entities that have themselves evaded or violated those sanctions and members and entities of IRGC and the IRISL. This includes the Central Bank of Iran.

The number of listed entities amounts to 471, including the Iranian central bank. 78 of them were designated by the UN, the others are autonomous EU designations. They include companies the banking and insurance sectors, the nuclear technology industry and in the field of aviation, armament, electronics, shipping, chemical industry, metallurgy and the oil and gas industry as well as branches and subsidiaries of IRGC and IRISL. Humanitarian exemptions also apply to the asset freeze.

No specialised financial messaging services may be provided to the persons and entities subject to an asset freeze.

The Council regularly reviews the list of persons and entities subject to admission restrictions and asset freezes.

Human Rights

The EU has repeatedly voiced its concern about the deteriorating human rights situation in Iran. It deplored the widespread repression of Iranian citizens, including human rights defenders, lawyers and journalists, who face harassment and arrests for exercising their legitimate rights. The EU has subjected 84 persons and one entity responsible for these serious human rights violations to an assets freeze and a ban from entering the EU.

The measures also include a ban on the export of equipment for monitoring internet and telephone communications. In addition, equipment which might be used for internal repression may not be exported to Iran.

The Council regularly reviews the list of persons and entities subject to admission restrictions and asset freezes.
