

Summer 2026  
ISSN 3052-5829

# IRAN im DISKURS

## The New Middle East Conflict

### Europe's Strategic Moment of Reckoning

Iranische Liberale Frauen e.V.





## Donate to "*Iran im Diskurs*"

"*Iran im Diskurs*" is an independent forum dedicated to original analysis, expert voices, and nuanced perspectives. We are for all those who seek not merely to observe Iran, but to understand the country in the full complexity of its historical, political, and societal dimensions.

We stand for intellectual independence, unwavering commitment to our principles, and a clear and thoughtful perspective.

Your contribution enables us to continue producing and publishing "*Iran im Diskurs*" with the highest standards of quality and independence. You help preserve a space for critical reflection, principled discourse, and voices of depth and substance — especially in an era in which nuanced perspectives are increasingly facing pressure.

With your support, we remain steadfast in our commitment to truth, intellectual integrity, and resilience.



irandiskurs 

irandiskurs 

[www.irandiskurs.de](http://www.irandiskurs.de) 



# Europe, Iran, and the Question of German Leadership

## — Editorial —

**Elahe Ramandi**

Editor-in-Chief, Iran im Diskurs



On the brink of publishing this issue of Iran Im Diskurs, news suddenly emerged that the Trump administration and the Islamic Republic had reached an agreement to cease hostilities. According to media reports on agreement details, Tehran could gain access to at least \$300 billion in resources for reconstruction and economic development. Whatever judgment supporters and critics may ultimately make of the agreement, if it endures, it could mark the beginning of a new phase in Iran's relationship with the West. But this also means a new dialogue inside Europe about how the future of Iran's socio-economic and political future could be forged.

The United States has indicated that it would terminate sanctions against the Islamic Republic including United Nations Security Council measures, resolutions of the IAEA Board of Governors, and Washington's unilateral primary and secondary sanctions if a final deal is reached. If the framework holds, the central question will no longer be whether Western states engage Iran.

This question of how to deal with Iran after the war is of utmost importance for Germany. Berlin has material and non material credit – including historical assets – in Iran that many other Western states lack. This includes experience doing business in Iran, economic credibility, industrial capacity, cultural presence, and a reputation among many Iranians that is distinct and much more positive compared to that of the United States, Britain, or France. Yet these assets alone do not constitute a German strategy for Iran. Germany can deploy these assets for a more active European role, or let them go unused in a Middle East increasingly shaped by other powers. We argue

in this iteration of *Iran Im Diskurs* that it should be the former, not the latter. For this to happen, Germany needs to devise a comprehensive blueprint on how to deal with Iran. This strategy should go beyond relations with the current regime, and should be holistic in approach, encompassing Iranian civil society, scientific and cultural capacities, and the full range of possible future scenarios for the country.

Germany faces three connected challenges regarding Iran that needs such an active strategy to address and mitigate:

First, Germany risks losing influence in a region increasingly shaped by the United States, Israel, the Islamic Republic, the Arab regional states, Russia, and China. Europe has become more peripheral to many of the region's most pressing issues. Berlin must ask itself what it needs to do in a Middle East in which European influence continues to decline, even as the consequences of Tehran's actions increasingly reach European nations.

Second, the future of Iran is a strategic question for Europe. The issue is not only war, sanctions, or nuclear negotiations. It is also the future of the Islamic Republic itself: will the current system endure, or whether structural transformation becomes possible, whether a new political order emerges, or whether the country enters a prolonged period of instability and even civil war due to increasing domestic grievances. In each of these scenarios, what will Germany do to maintain European interests?

Third, Germany must confront the question of whether it possesses a coherent long-term strategy toward Iran. Too



often Berlin and European capitals react to events via formal statements without establishing a political framework for the future, or devising a strategy for bilateral action along the US, and Israel when it becomes necessary. Crisis diplomacy is necessary, but it is not sufficient. A credible strategic policy toward Iran must include all layers of security planning including military strategy as a last resort when needed.

The US/Israel war with Iran should compel Germany to reconsider its place in a changing Middle East and to ask whether its foreign policy can remain effective in an era of greater geopolitical competition. The most important question is not which side wins the battle, but whether Berlin has a clear strategy for the political consequences of the new regional order now taking shape as a consequence of the war.

This brings us to ongoing negotiations with Iran. The fragile situation could potentially create an opening for reconstruction, investment, and renewed diplomacy. But it does not resolve the more fundamental questions examined in this issue of Iran Im Diskurs: The future of the Islamic Republic, the security of Europe, the vulnerability of global maritime routes, the position of Iranian civil society, and the role Germany intends to play in the region.

For Germany and Europe, the task is not merely to welcome deescalation, but to decide what kind of political order they intend to help shape after it.

This issue begins with an article on Germany's *Zeitenwende* and the ultimate nature and purpose of German power. Germany's rearmament, higher defense spending, and stated ambition to assume greater responsibility in European security have altered the country's strategic position. But Iran exposes the limits of such a transformation when only defined by budgets and capabilities on paper. If Berlin seeks a larger role in international security, it must also determine where it is willing to act, how it defines its interests, and whether it can move beyond rhetorical criticism when confronted with a state that combines regional coercion, domestic repression, maritime pressure, missile development, and transnational proxy operations. The Iranian case is one of the German *Zeitenwende*'s clearest tests.

The second contribution examines the economic opportunities that could emerge from political transformation in Iran. For Europe, the future of Iran shouldn't be solely short-term appeasement. It should also concern long term investments in a stable Iran that could grant Europe access to a large and educated market, industrial cooperation, energy diversification, reconstruction, investment, technological exchange, and the integration of Iran into the global network of nations. A more open and stable Iran could create significant opportunities for European growth and German industry. But

those opportunities should not be understood as automatically coming to Germany's lap. Economic engagement without political foresight and prudence can reproduce the same miscalculations that Europe has learned to regret when dealing with the clerics in Tehran.

The third article turns to the strategic choice facing Europe and Germany, as well as the geopolitical importance of the Strait of Hormuz. The future of Iran cannot be treated as a distant issue far away from European capitals. Iran sits at the intersection of the Middle East, the Persian Gulf, the Caucasus, and Central Asia. It is also connected to Europe through energy markets, shipping routes, migration pressures, sanctions regimes, cyber threats, and wider competition involving the United States, Russia, and China. The recent Strait of Hormuz debacle demonstrated this reality with particular clarity. A narrow waterway can affect global energy prices, European inflation, supply chains, and political stability far beyond the Persian Gulf region. The question for Berlin is therefore not whether Germany has interests in the region, but whether it has developed the instruments and strategic confidence necessary to defend them against a belligerent Iran. Tehran should view Germany as a partner, but a "serious" partner that can stand its ground, and when needed act accordingly as a European power, not a passive nation that can be threatened or coerced through hostage diplomacy or other malicious activity.

The fourth article addresses the security threats that Iran poses within Europe itself. Iranian policy should never be reduced to its more pressing nuclear case, or to periodic crises in the Persian Gulf, or Tehran's proxy activity in the region. It also involves intelligence activity, surveillance and intimidation of diaspora communities, covert procurement, cyber operations, disinformation, hostage-taking, and networks that operate across European borders. These are not separate instances and are elements of a broader hybrid challenge that requires Germany and its European partners to be well prepared, and serious, in dealing with Tehran. A state that is prepared to project coercion deep into European states cannot be addressed only through statements of concern or episodic sanctions, or the hope that economic cooperation will appease the regime.

The final article, "Ceasefire Without Reconciliation," argues that for now Germany should treat the U.S.–Iran ceasefire as a temporary de-escalation, not lasting peace. While the agreement has some potential for short-term economic opportunities, Iran's unchanged regional policies, IRGC control over the economy, security threats to Europe, and the risk of renewed sanctions make premature normalization dangerous. Germany should support de-escalation, but tie any engagement to strict conditions and verifiable change.

*E. Ramandi*



# Table of Contents

**6**

M. Mahdi Amiri, Ph.D.

**Iran: A Test Ground for Germany's *Zeitenwende***

**14**

Dr. Ardavan M. Khoshnood

**Iran Security Posture after the Israel–U.S. War: Why Europe Will Matter More**

**24**

Reza Ahmadi

**Why the Fall of the Islamic Republic Contributes to Economic Growth in Europe and the West?**

**32**

Mahmoudreza Momeni, Ph.D.

**Lasting Security in the Strait of Hormuz: Security for Europe**

*Why Europe and Germany Face a Strategic Choice on Iran?*

**41**

Elahe Ramandi

**Ceasefire Without Reconciliation**

*Why Germany should not mistake a possible U.S.–Islamic Republic agreement for a strategic breakthrough*

# About the Publication

*Iran im Diskurs* is published by the  
**Iranische Liberale Frauen e.V.**

ISSN 3052-5829

## Editor in Chief:

Elahe Ramandi

## English magazine Editor:

M. Mahdi Amiri, Ph.D.

## Editorial Advisors:

Dr. Ardavan M. Khoshnood

M. Mahdi Amiri, Ph.D.

Dr. Nima Ghasemi

## Design and Layout:

Mohsen Hadavi

## Contact:

<https://irandiskurs.de/>

[info@irandiskurs.de](mailto:info@irandiskurs.de)

**IRANimDISKURS**



# Iran:

## A Test Ground for Germany's *Zeitenwende*



### **M. Mahdi Amiri, Ph.D. in Political Science,**

Born in the US state of Missouri, Dr. Michael Mahdi Amiri completed his undergraduate studies in Chicago before earning his Bachelor's degree in Political Science from Allameh Tabataba'i University in Tehran. He later completed his Master's degree in "Political Thought in Islam and the West" at Tarbiat Modares University. Following political unrest in Iran, in 2009 he was awarded a full scholarship by the University of Texas, Arlington where he obtained his second Master's degree in Political Science. In 2023, he completed his PhD in Political Science at the University of North Texas, specializing in Comparative Politics and Political Thought. During his studies at the University of Texas, Dr. Amiri was a close student of Richard Ruderman and Steven Forde, both scholars associated with Allan Bloom's intellectual tradition, under whose guidance he engaged deeply with the foundational works of Western political thought. In the field of Comparative Politics, he studied theories of civil conflict under David Mason, one of the leading scholars of civil war studies in the United States. Dr. Amiri's research interests include comparative political thought, Machiavelli's political philosophy, studies of political corruption, as well as theories of civil war and political violence.



## Germany's Zeitenwende and a New Strategic Posture

*„It is clear that we must invest much more in the security of our country. In order to protect our freedom and our democracy. This is a major national undertaking. The goal is a powerful, cutting-edge, progressive Bundeswehr that can be relied upon to protect us.“*

— Policy statement by Chancellor of the Federal Republic of Germany Olaf Scholz, 27 February 2022 in Berlin

The term *Zeitenwende* is a core concept in this article and also to contemporary debates around Germany's expanding security posture. Therefore, it is important to briefly define *Zeitenwende* here. The concept initially originated from former Chancellor Olaf Scholz's February 2022 speech following Russia's attack against Ukraine where he announced that Germany is at a historic "turning point" in German foreign and defense policy. In the speech the Chancellor pledged an increase in military spending, to reach 2% of Germany's GDP. The pivotal speech was further institutionalized in Germany's 2023 National Security Strategy (Here in English<sup>1</sup>; and German<sup>2</sup>). Together, they outline a strategy to expand Germany's role in international security, and move beyond Germany's limited and "guilt ridden" assumptions of the post-Cold War era. At the same time, the National Security Strategy frames this transformation not only in military terms, but also as a values-driven project, declaring Germany's commitment to "championing democracy, the rule of law, human development and participation by all population groups as a prerequisite for sustainable security."

### Germany's Rearmament and the Limits of *Zeitenwende*

Germany's defense spending has become one of the biggest strategic shifts in Europe since Russia's 2022 invasion of Ukraine. Germany has gone from decades of military restraint to a rapid rearmament path. Germany historically spent

around 1.1–1.5% of GDP on defense for years after the Cold War, but achieved the old NATO benchmark of 2% of GDP in 2024 for the first time in decades. In 2025 the country moved beyond that yardstick, with the Stockholm International Peace Research Institute (SIPRI) putting 2025 spending at 2.3% of GDP or \$114 billion in 2025.<sup>3</sup> Part of the increase has been attributed to Russia's aggressive policies in recent years, but the US has also long requested a readjustment of German security spending and posture, even going as far as demanding that Germany spend at least 5% of GDP on defense.<sup>4</sup>

The United States does not simply want Germany to spend more on defense. It actually wants Germany to carry more responsibility and a larger share of Europe's security burden by building real military capabilities that can actualize on the battlefield. The broader U.S. goal has always been for Berlin to assume a more strategic defense role, as Washington increasingly shifts its focus toward China and the Indo-Pacific. It wants Germany and Europe to take greater responsibility for deterring Russia and reducing dependence on U.S. military protection. Washington has also displayed its frustration that NATO, including Germany, lack the will or capacity to get involved in actual fighting alongside the United States, as Europe's most important security partner, in places like Iran and the Hormuz debacle, especially in times of "need".<sup>5</sup>

Yet, Washington's expectations carry an unintended long-term consequence for both sides: Greater military autonomy can gradually generate greater political autonomy and more decision-making capacity on the German side. A Germany less

1 <https://www.nationalesicherheitsstrategie.de/National-Security-Strategy-EN.pdf>

2 <https://www.nationalesicherheitsstrategie.de/Sicherheitsstrategie-DE.pdf>

3 SIPRI. 2026. "Global military spending rise continues as European and Asian expenditures surge."

4 <https://www.dw.com/en/germany-trumps-5-nato-demand-too-costly-scholz-says/a-71289250>

5 <https://time.com/article/2026/03/17/trump-iran-war-nato-allies-strait-of-hormuz/>





dependent on American power may increasingly define its interests through a German or European, rather than exclusively transatlantic, strategic lens. This said, and as I will argue, Germany displays mixed and vague signaling on how it plans to pursue a more active foreign policy/security posture, and this is best displayed in ongoing tensions with Iran. Germany has decided to stand on the sidelines in the conflict, but at the same time lacks a coherent position on how to address an Iran that has become a malicious actor that kills its citizens and threatens the existence of Israel, despite Germany's National Security Strategy stating that its "responsibility for Israel's right to exist remain[s] an enduring obligation for us."<sup>6</sup>

### The Iranian Question and Germany's Strategic Priorities

One of the most evident areas of a more independent, but extremely ambiguous, German policy, is Berlin's stance on Iran. The most recent being Chancellor Friedrich Merz' critical stance on the US/Israel conflict with Iran. During the recent conflict involving the United States, Israel, and Iran, Chancellor Friedrich Merz publicly criticized the American approach in unusually direct language. Merz argued that Iran's leadership was "humiliating" the United States by forcing American officials to travel to Pakistan without achieving diplomatic progress. Even more he openly questioned Washington's Iran policy, stating that he could not identify a clear American "exit strategy" in the conflict.

Merz' remarks should not be seen as an isolated incident, but reveal tensions that extended beyond Iran itself and reflect broader disagreements already visible within the transatlantic relationship over Ukraine and questions of alliance burden-sharing. Still, Berlin's divergence from Washington should not be interpreted as anti-Americanism, but rather as a reflection of Germany's distinct strategic priorities in the international stage that will become even more prominent if Germany assumes a more independent role in the NATO alliance. Some of these divergent strategies are the following:

First, Germany's security concerns remain overwhelmingly European in nature, centering on Russia, Eastern Europe, and continental stability

rather than prolonged military engagements in the Middle East. Second, Germany has historically maintained extensive commercial relations with Iran and often viewed engagement as a better vehicle for engagement with the Islamic Republic, although such engagement has never really changed anything in the Islamic Republic's hardline positions. Third, Germany's economic model remains highly sensitive to disruptions in global energy markets. Instability around the Persian Gulf and the Strait of Hormuz results to direct costs on the German economy through energy prices and industrial supply chains, a concern Merz himself has acknowledged during the conflict, stating that the conflict was costing Germany "a lot of money, a lot of taxpayers' money and a lot of economic strength." This is beyond the fact that a nation that wants to achieve a more resilient security posture should be able to resist some short-term price hikes.

Finally, Germany's postwar political culture remains more cautious regarding military intervention than that of the US, preferring diplomacy over direct military involvement. These differences do not necessarily mean Germany is in a collision with the US, but indicates that a militarily stronger Germany may also become a strategically more independent Germany, even though it still cannot articulate its new security posture beyond rhetorical statements.



<sup>6</sup> German Federal Government. 2023. *Robust. Resilient. Sustainable. Integrated Security for Germany: National Security Strategy*. Berlin: Federal Government of Germany. <https://www.nationalesicherheitsstrategie.de/National-Security-Strategy-EN.pdf>

## Criticizing Washington Without a Viable Strategy

Germany owes its security, as well as peace at the heart of Europe, to the United States of America and our European neighbors.

—German National Security Strategy, 2023

Germany might extend its appreciation toward the U.S., but never really wants to go beyond words and to the realm of action. This is especially evident when dealing with Iran. German policy toward Iran often appears less defined by strategic objectives, but rather by opposition to any type of escalation in itself. Berlin has even avoided pushing decisively for the IRGC's designation as a terror organization. German policy frequently appears clearer in what it opposes than in what it proposes. Diplomacy and de-escalation are often presented as objectives in themselves rather than as part of a broader strategy with defined benchmarks, consequences, or end goals.

The question remains that if Germany opposes U.S. policy toward Iran, including military confrontation against a belligerent regime that actively pursues a dangerous nuclear and ballistic missile program, what precisely is Berlin's long-term objective toward such a regime? To make matters worse, Iran continues to repress domestic dissent, expand regional proxy networks, and withstands repeated rounds of meaningful negotiations. Germany remains critical of the Islamic Republic, but rarely articulates a comprehensive strategy for dealing with Iran's constant risky behavior.

German foreign policy ambiguity is particularly visible around the Strait of Hormuz debacle. Germany's caution toward confrontation with Iran is not driven solely by a long standing preference for diplomacy and regional stability, but is also rooted in strategic vulnerabilities. Disruptions in the Persian Gulf threaten energy markets, supply chains, and broader European economic stability. Yet this creates a strategic contradiction: Berlin increasingly seeks greater autonomy from Washington and a larger geopolitical role for Europe, while apparently remaining economically vulnerable to instability in one of the world's most volatile regions.

Germany's passive approach toward the Iranian regime is especially questionable when one recalls that Germany's energy supply has changed dramatically since the invasion of Ukraine with no oil or gas coming from Iran or Russia, and over<sup>7</sup> 90% of its direct LNG imports from the United States. Even more interesting is Germany's oil imports. Germany's oil supply is more diversified than gas. Recent major suppliers include<sup>8</sup> more than thirty countries that export crude to Germany and include, Norway, the United States, Kazakhstan, Libya the United Kingdom, and smaller volumes from Middle Eastern suppliers.

Germany may seek strategic independence, but events surrounding Iran demonstrate that independence without a coherent strategy risks becoming a reactive posture rather than a leading one. Criticizing American policy is easier than replacing it with an alternative vision.

7 [https://www.bdew.de/media/documents/Die\\_Energieversorgung\\_2025.pdf](https://www.bdew.de/media/documents/Die_Energieversorgung_2025.pdf)

8 <https://www.cleanenergywire.org/factsheets/germany-eu-remain-heavily-dependent-imported-fossil-fuels>





## A Lukewarm *Zeitenwende*: A Stronger Germany, An Unchanged Mindset?

Germany's military transformation leads to a broader question that goes beyond expanded production of ammunition or the design of military systems: Can German strategic thinking change as rapidly as German defense expansion?

Since the *Zeitenwende*, Berlin has committed itself to a substantial expansion of military spending, yet several German think tanks and policy institutions have pointed to a recurring problem: material renovation does not automatically produce strategic renovation. For example, Marina Henke<sup>9</sup> — Director of the Centre for International Security and Professor of International Relations at the Hertie School — depicts Germany's new foreign policy strategy as “less an actual strategy than a wish list of goals.” The challenge is not simply building more military capacity, but translating material capabilities into a coherent strategic framework with clear priorities and political objectives. German policy discussions increasingly reflect concern that institutional adaptation, strategic culture, and political decision-making have not necessarily evolved at the same pace as defense expenditures.

Germany's postwar foreign policy culture developed around a preference for economic engagement, multilateral institutions, and caution toward the use of hard power. These assumptions were not simply policy choices, but became embedded within the broader strategic identity of the Federal Republic. Rearmament may alter capabilities more quickly than it alters the strategic habits that shaped German policy for decades. Germany may therefore face a paradox: becoming militarily stronger while remaining politically cautious about exercising power.

This tension becomes especially visible in the Iranian case. Berlin's response often reflects the instincts of Germany's traditional strategic culture such as support for diplomacy, concern over escalation, and reluctance toward coercive approaches based on extremely sensitive positions on financial losses.

**Wenn die *Zeitenwende* auf der Annahme beruht, dass sich die internationale Ordnung grundlegend verändert hat, dann stellt der Fall Iran Berlin eine unangenehme Frage: Wenn ein Regime, das mit Nuklear- und Raketenentwicklung, Stellvertreter- und Religionskriegen, Terrorismus, maritimen Bedrohungen, regionaler Destabilisierung sowie massiven Menschenrechtsverletzungen und Massenmord in Verbindung gebracht wird, immer noch keine konkretere deutsche sicherheitspolitische Haltung hervorruft — unter welchen Bedingungen wäre ein stärkeres Deutschland dann tatsächlich bereit, Macht auszuüben? Wiederaufrüstung erweitert letztlich nicht nur Fähigkeiten, sondern auch Erwartungen.**

## European or Atlantic, German Iran Policy Still Does Not Make Sense

Germany's security dilemma points toward a larger geopolitical question: what kind of power Germany is becoming. For decades, Berlin largely operated within an Atlantic framework in which security responsibilities came from American power while Germany concentrated on economic leadership and European integration. Yet rearmament gradually changes the political logic of that relationship. A Germany capable of assuming greater military responsibilities may also begin developing interests and strategic preferences that do not always align fully with Washington. The issue is not whether Germany remains an American ally—it almost certainly will—but whether Berlin increasingly acts as a European strategic center with priorities distinct from those of the United States.

Iran provides a revealing example. For Washington, Iran often appears within a broader framework of global competition, deterrence, and security commitments extending from the Middle East to the Indo-Pacific. Germany, by contrast, tends to evaluate crises

<sup>9</sup> <https://www.hertie-school.org/en/who-we-are/profile/person/henke>



through a more European lens: economic stability, regional spillover risks, energy disruptions, migration pressures, and the effects on continental security.

Yet regardless of whether Germany ultimately sees itself as a more autonomous European power or as a stronger Atlantic ally of the United States, the Iranian case exposes the same unresolved problem: strategic confusion and unclarity. Neither framework fully explains Berlin's persistent reluctance to articulate a clearer doctrine toward a state (Iran) it simultaneously criticizes as destabilizing, repressive, and threatening to world peace and security. The question is therefore no longer whether Germany will become more powerful, Europe centric, or aligned with the U.S., but whether Berlin will choose strategic clarity regarding the world's number one state sponsor of terrorism.

### Iran as a Test of the German *Zeitenwende*

Iran ultimately exposes a broader uncertainty at the center of Germany's evolving foreign policy. The debate surrounding *Zeitenwende* has largely focused on budgets, military procurement, and burden-sharing within NATO, yet far less attention has been given to a more difficult question: where and under what conditions Germany is actually prepared to exercise power. Few contemporary cases combine as many security concerns as the Iran case. Berlin itself has repeatedly criticized<sup>10</sup> Tehran over domestic repression, executions, support for regional proxy networks, ballistic missile activity, maritime insecurity, and broader destabilizing behavior across the Middle East. Germany's chancellor went as far as to defend Israel's attacks on Iran, saying it was "dirty work Israel is doing for all of us."

Yet despite viewing Iran through the language of threat and concern, Germany's response has remained largely confined to diplomacy, sanctions, and rhetorical condemnation. As with *Zeitenwende* itself, the Iranian case therefore raises a larger question regarding the future role of a more powerful Germany. Iran is geographically distant from Europe, politically isolated, economically weakened, and has already faced sustained pressure from Israel and the United States. Yet even under these conditions, Berlin has shown little willingness to define a more active security role or articulate a broader strategic framework beyond de-escalation and diplomatic engagement. If Iran with its combination of

nuclear ambitions, regional instability, maritime implications, and other malicious acts does not become a case for more concrete German strategic involvement, then where precisely would a stronger Germany envision exercising its expanding capabilities? Rearmament ultimately creates expectations not only of greater power, but also of greater strategic definition. Without that definition, military expansion risks creating capabilities whose political purpose remains uncertain.

### Delay Has Costs

Geopolitical competition, especially in a sensitive region like the Persian Gulf, does not pause while Germany debates the meaning of *Zeitenwende*. Iran's nuclear ambitions continue advancing, Tehran's regional proxy networks remain active, maritime insecurity persists in the Persian Gulf, and Russia and China increasingly cooperate with Tehran in ways that extend beyond the Middle East and include utilizing Iran's drone capacity in Ukraine. Germany may still be deciding whether its future lies primarily within an Atlantic framework or a more autonomous European role, but international crises rarely wait for strategic identities to mature. The costs of ambiguity are therefore not merely conceptual for Germany, rather Berlin risks being remembered as another European nation that delayed difficult strategic choices in the hope that engagement and restraint can moderate authoritarians, only to recognize later that the point of meaningful influence has already passed.

### From *Zeitenwende* to Strategy: Some Policy Recommendations on Iran

#### 1. Author a formal Iran strategy paper with clear objectives

Germany has already published a detailed framework toward China that links security, economics, and geopolitical risk in a strategic framework. A similar Iran strategy paper with articulated objectives, benchmarks, and security priorities would help replace Berlin's current reactive posture with a more coherent long-term approach toward the Islamic Republic.

#### 2. Expand German and European Maritime Security Presence in the Strait of Hormuz

If Germany seeks a larger role in international security while

<sup>10</sup> <https://www.politico.eu/newsletter/berlin-bulletin/merzs-dirty-work/>



showcasing its strategic capabilities, maritime security offers one of the most important areas for practical deployment. Roughly one-fifth of global oil consumption passes through the Strait of Hormuz, making disruptions there a direct challenge to European economic stability. Germany should expand naval cooperation with NATO allies, the United States, and European partners in mine sweeping in the Persian Gulf, maritime surveillance, freedom of navigation missions, and regional deterrence initiatives. A Germany seeking a larger security role cannot remain absent from one of the world's most strategically important waterways.

### 3. Support and enforce IRGC terrorist designation

On 29 January, the European Council formally decided to include Iran's Islamic Revolutionary Guard Corps (IRGC) to the EU terrorist list. Germany has historically supported a cautious European approach and for years did not push aggressively for stronger EU measures against the IRGC.

As a result, Germany should treat the recent IRGC designation not as a consequence of its Iran policy, but as its starting point. Formal designation carries legal and financial consequences, yet designation alone does not constitute strategy. Berlin should support stronger enforcement measures targeting operational, financial, and transnational networks linked to the IRGC and clarify how these measures fit into a broader long-term approach toward Iran.

### 4. Move Beyond Funding: Lead and Organize Iranian Democratic Formations

Germany's interactions with Iranian civil society and diaspora communities is almost solely limited to human rights grants and informational initiatives that are informative in nature but rarely lead to strategic relations with groups that can sustain Germany's interests, especially in a future Iran. Berlin should move beyond merely facilitating funds, and begin treating Iranian democratic and diaspora networks as a strategic investment for Germany to lead. As Europe's largest economy and a country seeking a greater geopolitical role through *Zeitenwende*, Germany should assume a more active leadership role by coordinating across fragmented opposition groups, supporting leadership development, building institutional networks, and creating platforms that transform isolated actors into more coherent political communities. Such an approach is not merely a moral undertaking, but serves concrete German interests. A more stable and democratic Iran would reduce long-term security pressures associated with regional instability, migration

shocks, maritime disruptions, and broader regional conflict, while also creating enduring political relationships and strategic footholds for Germany in a future Iran. Sole reliance on human rights campaigns and awareness initiatives risks mistaking rhetoric for influence. If Berlin increasingly views Iran as a long-term strategic challenge, then engagement with Iranian democratic actors should become an integrated component of German foreign policy.

### 5. Shift From Human Rights Monitoring to Human Rights Deterrence

Germany's policy toward Iran often documents human rights abuses rather than creating consequences for them. Berlin should lead efforts connecting human rights violations to automatic diplomatic and economic responses such as targeted sanctions, visa restrictions against regime sympathizers, financial measures, and institutional consequences. Documentation matters, but documentation without deterrence risks becoming archival rather than strategic action that targets regime operations effectively.

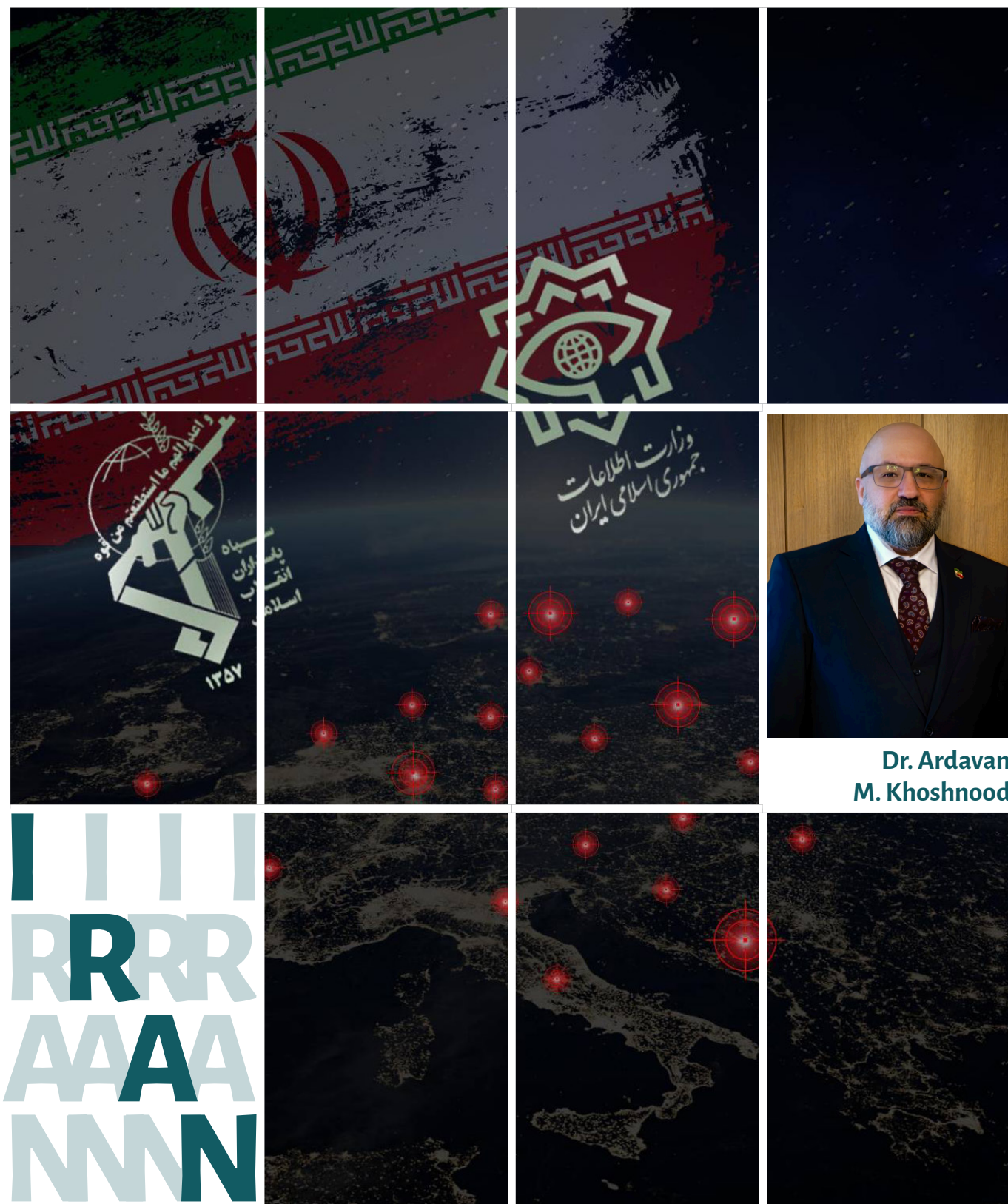
### 6. Define the Geographic Scope of German Security Responsibilities

Germany must clarify where its expanding capabilities are intended to be used. Rearmament creates expectations from allies and partners regarding burden-sharing and leadership. Berlin cannot indefinitely maintain strategic ambiguity regarding whether Germany's security responsibilities end at Europe's borders or extend to regions whose instability directly affects European interests. The Iranian case demonstrates that avoiding this question does not remove it, but just delays crucial decision-making which costs Germany invaluable strategic time.

### 7. View Iran as a Component Wider Great-Power Competition Rather Than a Regional Case

Germany should stop treating Iran primarily through regional diplomacy and recognize Tehran's expanding links with Russia, China, cyber networks, drones, and maritime security. Iran increasingly has become part of a broader geopolitical competition where Russia and China use it a strategic pawn. This has immediate consequences for Germany and Western nations, meaning that Iran is no longer a regional problem but is at the core of Western security concerns.





Dr. Ardavan  
M. Khoshnood

## Security Posture after the Israel–U.S. War: Why Europe Will Matter More





**Dr. Ardavan M. Khoshnood,**

*Dr. Ardavan M. Khoshnood is a lecturer in Emergency Medicine at Lund University. He holds a Master's degree in Criminology from Malmö University, as well as a Master's degree in Police Work from Umeå University. In addition, he earned a Master's degree in Political Science from Malmö University. Dr. Khoshnood is also a member of the editorial board of the Journal of Investigative Psychology and Offender Profiling.*



*This satellite image, provided by Maxar Technologies and taken on June 22, 2025, shows damage caused by U.S. strikes on the uranium enrichment facility in Isfahan, central Iran. (Photo credit: satellite image ©2025 Maxar Technologies/AFP)*

The recent Israel–United States war with Iran should be understood as the culmination of a longer cycle of escalation: the June 2025 Israel–Iran “Twelve-Day War,” the U.S. strikes on Iranian nuclear facilities at Fordow, Natanz, and Isfahan, and the broader 2026 conflict that began on 28 February 2026, when Israel and the United States launched strikes against Iran’s leadership, nuclear infrastructure, and ballistic-missile programme. A conditional ceasefire was declared on 8 April 2026, with subsequent diplomacy mediated by Pakistan and other actors.

This essay argues that the war exposed a dual reality in Iranian security doctrine. On the one hand, it revealed, once again, serious weaknesses in Iran’s security architecture: repeated intelligence and counterintelligence failures, brittle air-defense performance, command-and-control vulnerability, and a limited ability to protect strategic assets against advanced Israeli and U.S. capabilities (Khoshnood, 2021a, 2025, 2026). On the other hand, the war did not eliminate Iran’s coercive toolkit. Missiles, proxy networks, cyber capabilities, hostage diplomacy, covert procurement channels, and intimidation of dissidents abroad remain instruments of regime security. Europe is therefore likely to become more important in Tehran’s post-war doctrine, not because Europe is militarily central to Iran’s deterrence, but because Iranian decision-makers see European states as politically divided, legally constrained, and less fully aligned with Israel and the United States than Washington or Jerusalem expected (e.g. Bayer and Van Campenhour, 2026). That perception may encourage expanded Iranian activity in Europe across diplomatic, intelligence, diaspora, cyber, propaganda, sanctions-evasion, and coercive domains.



## Iran's Pre-war Security Doctrine

Before the war, Iran's security doctrine rested on regime survival, deterrence by punishment, and strategic depth. The Defense Intelligence Agency (2019) in the US described Iran's core security priorities as ensuring continuity of clerical rule, defending the regime against external and internal threats, and strengthening Iran's regional position. Because Iran lacked a modern air force and could not conventionally match the United States or Israel, which Iran for long has awaited a war with, it invested in asymmetric instruments: ballistic and cruise missiles, drones, naval harassment capabilities, proxy forces, cyber operations, and deniable external action (Azizi, 2021).

"Forward defense" was the doctrinal expression of this approach. In Iranian strategic discourse, threats should be confronted away from Iran's borders; Iraq, Syria, Lebanon, Yemen, and the Persian Gulf form layers of strategic depth. The doctrine links missiles, drones, non-state partners, and cyber capabilities into a wider architecture of deterrence. Missiles are a pivotal element in this forward defense because they reduce the importance of geography and enable counterattack against adversaries' regional assets (Azizi, 2021). Other reports similarly show how Tehran uses allied militias and armed partners to threaten U.S., Israeli, Persian Gulf, and commercial interests while complicating attribution and escalation management (Tabatabai et al., 2021).

Nuclear latency was another pillar. Iran did not need an

openly declared nuclear weapon to create strategic leverage; it needed the technical capacity, enriched stockpiles, dispersed knowledge, and negotiating ambiguity that make weaponization a shorter political decision away. IAEA reporting in 2025–26 documented Iran's large enriched-uranium stockpile, including uranium enriched up to 60 percent U-235, while also recording severe verification problems after military attacks affected Iranian nuclear facilities (IAEA, 2026). This did not prove a political decision to build a nuclear weapon, but it did deepen the deterrent and diplomatic value of nuclear latency.

Europe already mattered before the war. It was a diplomatic venue for nuclear negotiations, a sanctions and financial arena, a target for covert procurement, a base for Iranian dissidents and diaspora media, and an operating environment for Iranian intelligence. British authorities have described Iran as a persistent state threat, citing plots against dissidents, journalists, Jewish and Israeli targets, and the use of criminal proxies (Hansard, 2025). Thus, Europe was never peripheral to Iranian security policy; yet it was a secondary theater where Tehran mixed diplomacy, coercion, surveillance, influence, and punishment.

A further pre-war dimension was Iran's use of Europe as an operational environment for outsourced repression. Khoshnood (2025a) argues that the Islamic Republic has increasingly relied on state-linked criminal intermediaries for extraterritorial assassinations, surveillance, arson, and

*The former Supreme Leader of Iran, Ali Khamenei, center, visits an exhibition of new weapons by the Revolutionary Guards on November 19, 2023. (Photo credit: Office of the Iranian Supreme Leader via AP)*



intimidation, especially where official operatives face surveillance, visa restrictions, or diplomatic costs. This model allows Tehran to combine local criminal access with strategic deniability: the state retains political control over targeting, while operational tasks are delegated to actors who are harder to attribute directly to Iranian institutions. The use of criminal intermediaries therefore belongs within Iran's broader security doctrine, not as a marginal criminal phenomenon but as a gray-zone instrument linking internal repression, diaspora control, and external coercion.

### Intelligence and counterintelligence failures

The war intensified a pattern visible for more than a decade: Iran's security institutions have repeatedly failed to protect scientists, commanders, archives, facilities, and operational secrets. The Stuxnet operation against Natanz exposed cyber and industrial-control vulnerabilities; Iran acknowledged that malicious software had affected centrifuges, while technical analysts assessed that Stuxnet plausibly damaged a significant number of machines (Albright et al., 2010). Subsequent sabotage at Natanz in 2021, which Iran attributed to Israel, again suggested penetrability at one of Iran's most sensitive nuclear sites (Khoshnood, 2021b).

Targeted killings reinforced this record. Iranian nuclear scientists were attacked repeatedly between 2010 and 2020, including Mohsen Fakhrizadeh, whom Western and Israeli sources associated with Iran's past weapons-related nuclear work (Khoshnood, 2021a). In April 2024, suspected Israeli strikes on Iran's Damascus diplomatic compound killed senior IRGC figures, including commanders linked to regional operations (Khoshnood et al., 2026). In June 2025, Israeli strikes killed senior Iranian commanders and nuclear scientists, again raising questions about penetration of Iranian military and scientific circles (Khoshnood, 2025b).

The 2018 theft of Iran's nuclear archive was especially damaging because it was not merely an assassination or sabotage incident; it was an intelligence penetration of a protected documentary repository in Tehran (Khoshnood, 2021c). Belfer Center scholars who reviewed parts of the archive reported that Israeli intelligence had removed a large cache of documents and files from Iran, providing additional detail on Iran's past nuclear weapons-related work



*Smoke rises after what the Iranian media said was an Israeli strike on a building close to the Iranian embassy in Damascus, Syria April 1, 2024. REUTERS/Firas Makdesi*

(Arnold, 2019). Such an operation indicated failures in physical security, compartmentation, insider-risk detection, and counterintelligence discipline.

### Missiles, Forward Defense, and Coercive Resilience

The exposure of air-defense weakness does not mean Iran lacks hard-power deterrence. Missiles remain its most important direct military instrument. The DIA assessed that Iran has the largest and most diverse ballistic-missile arsenal in the Middle East, with systems able to strike targets across the region (Defense Intelligence Agency, 2019). Iran's missiles are not technologically unbeatable; many can be intercepted by Israeli, U.S., Persian Gulf, and naval systems. Their value lies in saturation, range, persistence, cost imposition, and political coercion.

If Iran can force adversaries to expend scarce interceptors, disrupt energy flows, impose insurance and shipping costs, damage civilian infrastructure, and create domestic political pressure in target states, then missiles can serve coercive purposes even when most are intercepted. Cancian and Park (2026b) reported that the U.S. had enough munitions to continue fighting during the 2026 war but that the more serious risk involved future stockpile depletion and replenishment timelines. Finley (2026) reporting on the abovementioned analysis likewise indicated that the United States may need years to replenish some advanced weapons and interceptors used in the Iran war.

Forward defense is likely to survive, though in recalibrated form. Hezbollah, Iraqi militias, the Houthis, cyber actors,



and procurement channels cannot substitute for a resilient homeland air-defense system, but they can widen the battlespace. They allow Iran to threaten Israel from Lebanon, U.S. forces from Iraq and the Persian Gulf, shipping from Yemen and the Red Sea, and energy flows through the Strait of Hormuz. The European Council's 2026 conclusions specifically highlighted maritime security and condemned threats to freedom of navigation in and out of the Strait of Hormuz, confirming that Iran's coercive geography remains strategically relevant to Europe.

The war may nevertheless force doctrinal adjustment. Hezbollah's exposure to Israeli pressure, Iraqi militia vulnerabilities, and the high attrition of Iranian launch infrastructure all weaken the credibility of forward defense as an automatic shield. Tehran may therefore place more emphasis on redundancy, deniable action, cyber operations, diaspora monitoring, and non-military pressure in Europe. In this sense, Europe becomes not a replacement for the regional "axis of resistance," but a supplementary arena for coercive resilience.

### Europe, Diaspora Politics and Iran's Security Doctrine

The war also highlighted the political importance of the Iranian diaspora. Large exile communities in Europe and North America are not merely cultural communities; they are political networks, media ecosystems, fundraising bases, lobbying actors, and sources of legitimacy for opposition figures. For

a regime built on repression and revolutionary monopoly, diaspora mobilization is a security issue because it challenges the regime's claim that opposition is marginal, foreign-created, or organizationally incapable.

This is why diaspora politics cannot be separated from Iran's external security doctrine. Tehran has historically treated exiled opposition not simply as political criticism but as a security threat to be penetrated, discredited, intimidated, and, in some cases, physically eliminated. Khoshnood (2025a) describes this as a form of extraterritorial repression in which violence, surveillance, and reputational attacks are used to fragment opposition communities and signal that exile does not guarantee safety. In this sense, the diaspora is not only a political audience; it is also a contested security space in which the regime seeks to weaken alternative centers of legitimacy.

Crown Prince Reza Pahlavi has become a central figure in exile opposition politics, though not an uncontested one. In February 2026, 250,000 people demonstrated in Munich in response to his call for a Global Day of Action (Hodina, 2026). More than a million individuals took to the streets of Europe and Northern America (Iran International, 2026a). In reality, it is not surprising that the Crown Prince could mobilize more than one million Iranians in exile. Just a month prior, millions of Iranians had gathered inside Iran calling for the overthrow of the Islamic regime; according to US officials, more than 40,000 Iranians were massacred during two days (Iran International, 2026b; 2026c).

Tehran views such mobilization as threatening for four reasons.

*Supporters of Iran's exiled Crown Prince Reza Pahlavi attend a demonstration during the Munich Security Conference in Munich, Germany, February 14, 2026.*  
(AP Photo/Ebrahim Noroozi)

*Reza Pahlavi, crown prince of Iran, and his wife, Yasmine, address protesters outside the Munich Security Conference in Munich, Germany, on February 14, 2026.*  
(Michaela Stache / AFP via Getty Images)



First, diaspora activism amplifies information from inside Iran when the regime imposes internet shutdowns. Second, it gives European governments visible interlocutors other than the Islamic Republic. Third, it can help coordinate sanctions advocacy, human-rights campaigns, and media attention. Fourth, it may encourage defections or passive noncompliance among regime elites if they conclude that a post-Islamic Republic alternative is gaining legitimacy. The fact that there is also a unifying leader, Crown Prince Reza Pahlavi, commanding a unified opposition, makes the threat even more significant.

## Post-war doctrinal recalibration toward Europe

Iran's likely recalibration toward Europe begins with a perception: Europe condemned Iranian escalation and repression, but it did not simply merge its position with that of Israel and the United States. The EU called for de-escalation, protection of civilians, respect for international law, freedom of navigation, renewed IAEA cooperation, and diplomacy; it also condemned Iranian attacks and activities by Iranian proxies while warning against further regional escalation (European Council, 2026).

Tehran will certainly interpret this as a wedge. That interpretation may be exaggerated, since European states have imposed sanctions, criticized repression, and strengthened counterintelligence responses. But Iranian doctrine often exploits perceived gaps between adversaries. In Europe, those gaps may involve disagreements over military force, nuclear diplomacy, Gaza and Lebanon policy, sanctions enforcement, diaspora politics, and the legal threshold for banning or restricting Iranian state-linked organizations.

Malign activity in Europe is therefore likely to continue. British authorities stated in 2025 that since early 2022 the UK had responded to 20 Iran-backed plots presenting potentially lethal threats to British citizens and residents, and that Iranian services often use criminal proxies to obscure state involvement (Hansard, 2025). The Crown Prosecution Service (2025) charged three Iranian nationals in 2025 with conduct likely to assist a foreign intelligence service and alleged surveillance connected to intended serious violence.

The likely post-war adaptation is not simply more activity, but more deniable activity. Iran's reliance on state-linked criminal intermediaries has evolved from occasional outsourcing into a structured gray-zone method (Khoshnood, 2025a). Criminal actors provide local access, logistical flexibility, cultural camouflage, and attributional distance, allowing Tehran to conduct surveillance, intimidation, arson, and assassination

planning while formally denying state involvement. This model is particularly useful in Europe, where open societies, fragmented jurisdictions, evidentiary thresholds, and civil-liberties protections create operational space for authoritarian gray-zone activity.

Other European examples reinforce the pattern. An Iranian diplomat was convicted in Belgium for a planned 2018 bomb attack against an opposition rally near Paris, a case Tehran denied and later embedded in prisoner-swap politics (Khoshnood and Khoshnood, 2024). The Assadi case is analytically important because it shows that diplomatic infrastructure and criminal outsourcing are not separate tools. They can operate as mutually reinforcing layers of the same coercive architecture. Diplomatic platforms may provide cover, facilitation, funding channels, or logistical coordination, while criminal or non-official intermediaries create distance between the state and the act itself. This layered structure complicates prosecution, slows diplomatic response, and allows Tehran to exploit the gap between criminal law, counterterrorism law, and counterintelligence practice (Khoshnood, 2025a).

The EU has also sanctioned Iranian officials over arbitrary detention of EU nationals, explicitly describing detention on spurious grounds for political gain as a serious concern (European Council, 2025).

Relatedly, support for regime sympathizers abroad may also grow. This should be analyzed carefully. Lawful political activity, religious outreach, cultural associations, media work, and student organizing are not inherently illegitimate. Soft power becomes a security problem when directed covertly by a foreign state, funded without transparency, used to intimidate dissidents, connected to surveillance, or linked to sanctions evasion and procurement. The UK's decision to place the Iranian state on the enhanced tier of the Foreign Influence Registration Scheme reflects precisely this distinction: the issue is not Iranian identity or political opinion, but undeclared activity directed by the Iranian state (Hansard, 2025).

## What Europe Must Do Next?

Europe should stop treating Iran as solely a nuclear challenge. The nuclear issue remains central, but the war showed that Iran is a hybrid security challenge: missiles, proxies, cyber operations, maritime coercion, hostage-taking, covert procurement, disinformation, diaspora intimidation, and intelligence activity all interact. The added lesson from Iran's use of criminal intermediaries is that European security policy must also treat organized crime, foreign-directed intimidation,







and state repression as connected domains rather than separate bureaucratic categories (Khoshnood, 2025a). The Scandinavian record reinforces this point: Iranian-linked activity in Denmark, Norway, and Sweden has included diaspora surveillance, embassy-linked intimidation, cyber operations against individuals and universities, illicit procurement attempts, influence activity in academic and policy environments, religious-platform concerns, criminal-network involvement against Israeli-linked targets, and hostage diplomacy. The point is not that Scandinavia is uniquely vulnerable, but that even smaller European states can become operationally valuable when Tehran perceives fragmented security coordination, permissive legal environments, and limited political cost (Khoshnood et al., 2025a; 2025b).

First, European governments should treat criminal networks linked to the Islamic Republic as national-security threats, not merely as ordinary organized-crime groups. Khoshnood (2025a) argues that Iran's use of state-linked criminal intermediaries blurs the line between terrorism, organized crime, and state repression. This creates a structural problem for European law enforcement, because plots may appear locally criminal while serving strategic objectives directed by a foreign state. Counterterrorism units, organized-crime units, financial-intelligence units, and counterintelligence services should therefore share intelligence in real time, including across borders. The relevant question should not only be whether an act is prosecutable as a discrete crime, but whether it forms part of a wider pattern of Iranian-directed coercion.

Second, European states should update legal frameworks so that foreign-directed surveillance, intimidation, coercion, and harassment of exiles are treated as hostile state activity. Many

European systems already criminalize threats, assault, arson, and murder plots, but they are less effective at capturing the cumulative pattern of foreign-directed repression. Iranian operations often rely on reconnaissance, proxy intimidation, reputational smears, indirect threats, and fragmented actions spread across jurisdictions. A dissident may experience the pattern as a coherent campaign, while police and prosecutors encounter only isolated incidents. Legal reform should allow authorities to aggregate such behavior as transnational repression when there is credible evidence of foreign-state direction or benefit.

Third, diplomatic infrastructure requires closer scrutiny. This does not mean abandoning diplomatic channels altogether; diplomacy remains necessary, especially during crises. However, European governments should distinguish between diplomatic engagement and permissive tolerance of covert activity under diplomatic cover. The Assadi case, earlier expulsions of Iranian diplomats, and Iran-linked plots in Europe demonstrate that embassies and consulates can serve dual-use functions: diplomatic representation on the surface, and facilitation, surveillance, or operational support beneath it (Khoshnood and Khoshnood, 2024; Khoshnood, 2025a). European states should reduce Iran's diplomatic footprint where warranted, expel officials linked to intelligence activity, restrict movement of suspect personnel, and monitor consular, cultural, and religious platforms (Khoshnood, 2025a; Khoshnood et al., 2025a).

Fourth, Europe needs a more serious financial-intelligence response. Iran's overseas coercive activity depends not only on operatives but also on money: cash transfers, front companies, informal value-transfer systems, charitable or cultural fronts, business networks, and sanctions-evasion channels.





Khoshnood (2025a) emphasizes that criminal outsourcing depends on financial obfuscation and insulated support structures. European financial-intelligence units should therefore treat suspicious flows linked to Iranian state actors, IRGC and Ministry of Intelligence-linked networks, cultural associations, and criminal intermediaries as potential security indicators, not only as sanctions or money-laundering concerns.

Fifth, European governments should recognize reputational warfare as part of the threat picture. If physical attacks become more costly, Tehran may rely more heavily on disinformation, defamation, fabricated scandals, sexualized smears, and online manipulation against dissidents and opposition figures. Such activity is harder to prosecute than violence, but it can still serve coercive state objectives by isolating dissidents, fragmenting diaspora communities, and damaging alternative leadership. Responses should include platform cooperation, rapid attribution mechanisms, public exposure of state-linked campaigns, and support structures for targeted dissidents. This must be done carefully: lawful political disagreement must be protected, while coordinated foreign-directed intimidation should be exposed and disrupted.

Sixth, Europe should enforce sanctions and export controls with greater seriousness. Iran's missile, drone, cyber, and nuclear-related networks depend on dual-use components, front companies, academic access, logistics services, and financial facilitators. Universities and research institutions need clearer guidance on dual-use collaboration, visiting scholars, sensitive laboratories, cyber theft, informal technology-transfer risks,

and cyber-espionage against research environments, including reported Iranian-linked activity targeting Danish, Norwegian and Swedish universities (Khoshnood et al., 2025a; 2025b).

Seven, European states should develop a common hostage and arbitrary-detention policy. The Islamic Republic has repeatedly used dual nationals and foreign citizens as instruments of coercive diplomacy. A fragmented European response increases Tehran's leverage. Consular protection, targeted sanctions against judges and prison officials, coordinated public messaging, and limits on politically asymmetric prisoner exchanges should be part of a unified framework. The Swedish experience, including the Islamic Republic's use of Johan Floderus as leverage in relation to the Hamid Noury case while Ahmadreza Djalali remained imprisoned in Iran, illustrates why European hostage policy cannot remain fragmented, national, and ad hoc (Khoshnood et al., 2025b).

Finally, Europe should coordinate with the United States and Israel where operationally appropriate, but not outsource its Iran policy. Cooperation is necessary on missile defense, cyber indicators, procurement networks, criminal intermediaries, and threats to dissidents. Yet Europe's comparative advantage lies in legal resilience, financial regulation, intelligence coordination, and direct engagement with Iranian civil society. A credible policy must combine pressure on the regime with protection for Iranians opposing authoritarian rule. The central policy lesson is that Iran should be understood not only as a nuclear negotiator or regional actor, but as a hybrid authoritarian security challenge operating through diplomacy, intelligence services, proxies, criminal intermediaries, cyber tools, financial networks, and diaspora coercion.

## Conclusion

The war did not destroy Iranian coercive power, but it changed the strategic balance of evidence. Iran's security architecture was revealed to be more penetrated, more brittle, and less conventionally resilient than its official narrative claimed. Intelligence failures, assassinations, sabotage, archive theft, air-defense collapse, command vulnerability, and damage to nuclear infrastructure exposed the limits of a doctrine built on opacity and deterrent mystique.

Yet weakness does not mean harmlessness. Iran retains missiles able to impose costs even under high interception rates; proxy and partner networks that can widen crises; cyber actors that can exploit vulnerable systems; hostage diplomacy that weaponizes human beings; and intelligence tools for repression abroad. Europe sits at the intersection of



*Ebrahim Raisi, the eighth president of the Islamic Republic, and Assadollah Assadi—August 26, 2023.*

these instruments. It hosts dissidents and diaspora networks, contains financial and technological nodes, shapes sanctions and diplomacy, and offers Tehran opportunities to exploit political disagreement.

The likely post-war Iranian doctrine toward Europe will therefore be more active, not less. Tehran may see Europe as a secondary theater where pressure can be applied below the threshold of open war: through intimidation, cyber operations, propaganda, covert procurement, influence activity, sanctions evasion, and manipulation of diaspora divisions. In that setting, state-linked criminal intermediaries are especially useful because they allow Tehran to translate strategic intent into local action while preserving deniability, complicating attribution, and exploiting the legal openness of democratic societies (Khoshnood, 2025a). European governments should respond accordingly. Iran is not only a nuclear negotiator or a regional spoiler; it is a hybrid authoritarian security actor. A serious European policy must defend democratic space, protect dissidents, harden institutions, enforce sanctions, counter intelligence activity, and engage Iranian society without legitimizing the regime's coercive statecraft.

## Bibliography

- Albright David, Brannan Paul, Walrond Christina (2010). Did Stuxnet Take Out 1,000 Centrifuges at the Natanz Enrichment Plant? Institute for Science and International Security.  
<https://isis-online.org/isis-reports/did-stuxnet-take-out-1000-centrifuges-at-the-natanz-enrichment-plant>
- Arnold Aaron, Bunn Matthew, Chase Caitlin, Miller Steven E, Mowatt-Larssen R, Tobery William H (2019). The Iran Nuclear Archive: Impressions and Implications. Belfer Center for Science and International Affairs.  
<https://www.belfercenter.org/publication/iran-nuclear-archive-impressions-and-implications>
- Azizi Hamidreza (2021). The Concept of "Forward Defence": How Has the Syrian Crisis Shaped the Evolution of Iran's Military Strategy? Research Project Report 4, Geneva Centre for Security Policy.  
<https://www.gcsp.ch/publications/concept-forward-defence-how-has-syrian-crisis-shaped-evolution-irans-military-strategy>
- Bayer Lili, Van Campenhout Charlotte (2026). EU divided on suspension of Israel pact as Spain pushes for action. Reuters.  
<https://www.reuters.com/world/eu-divided-suspension-israel-pact-spain-pushes-action-2026-04-21/>
- Cancian Mark F, Park Chris H (2026a). Assessing the Air Campaign After Three Weeks: Iran War By the Numbers. Center for Strategic & International Studies.  
<https://www.csis.org/analysis/assessing-air-campaign-after-three-weeks-iran-war-numbers>
- Cancian Mark F, Park Chris H (2026b). Last Rounds? Status of Key Munitions at the Iran War Ceasefire. Center for Strategic & International Studies.  
<https://www.csis.org/analysis/last-rounds-status-key-munitions-iran-war-ceasefire>
- Crown Prosecution Service (2025). Three men charged with National Security Act offences. The Crown Prosecution Service.  
<https://www.cps.gov.uk/cps/news/three-men-charged-national-security-act-offences>
- Defense Intelligence Agency (2019). Iran Military Power: Ensuring Regime Survival and Securing Regional Dominance. Defense Intelligence Agency.  
[https://www.dia.mil/portals/110/images/news/military\\_powers\\_publications/iran\\_military\\_power\\_lr.pdf](https://www.dia.mil/portals/110/images/news/military_powers_publications/iran_military_power_lr.pdf)
- European Council (2026). EU position on the situation in the Middle East. European Council.  
<https://www.consilium.europa.eu/en/policies/eu-position-situation-middle-east>
- European Council (2025). Iran: seven individuals and two entities targeted by EU's sanctions over serious human rights violations. European Council.  
<https://www.consilium.europa.eu/en/press/press-releases/2025/04/14/iran-seven-individuals-and-two-entities-targeted-by-eu-s-sanctions-over-serious-human-rights-violations>
- Finley Ben (2026). US will need years to replenish stockpiles of advanced weapons used in Iran war, new analysis finds. Associated Press.  
<https://apnews.com/article/iran-war-weapons-air-defense-csis-analysis-593f866ad4eae4ddbcbfda-fa22267329>
- Hansard (2025). Iranian State Threats. House of Commons Debates, vol. 763, 4 March.  
<https://hansard.parliament.uk/commons/2025-03-04/debates/72131BAE-1691-4A8C-A1B3-A3B77BB7CEF8/IranianStateThreats>





- Hodina Stanislav (2026). Crown prince urges the world to stand with the people of Iran as 250,000 rally in Munich. Associated Press.  
<https://apnews.com/article/iran-munich-protests-reza-pahlavi-53d2448dd26d28a1206ecefdfde168f2>
- IAEA (2026). IAEA and Iran – IAEA Board Reports.  
<https://www.iaea.org/newscenter/focus/iran/iaea-and-iran-iaea-board-reports>
- Iran International (2026a). Over a million people rally worldwide in solidarity with Iran protests. Iran International.  
<https://www.iranintl.com/en/202602146821>
- Iran International (2026b). At least 1.5 million people took to Tehran streets on January 8, source says.  
<https://www.iranintl.com/en/202601162278>
- Iran International (2026c). Iran carried out ‘industrial-sized massacre,’ US envoy to UN says.  
<https://www.iranintl.com/en/202602196987>
- Khoshnood Ardavan (2021a). The Assassination of Fakhrizadeh—A Major Iranian Counterintelligence Failure? *Global Security and Intelligence Studies* 6 (1):199-207.
- Khoshnod Ardavan (2021b). The Attack on Natanz and the JCPOA. BESA Center Perspectives Paper 1997, The Begin-Sadat Center for Strategic Studies.  
<https://besacenter.org/the-attack-on-natanz-and-the-jcpoa/>
- Khoshnod Ardavan (2021c). Iran Might Purge Its Intelligence and Counterintelligence Community. BESA Center Perspectives Paper 2025, The Begin-Sadat Center for Strategic Studies.  
<https://besacenter.org/iran-intelligence-purge/>
- Khoshnood Arvin, Norell Magnus, Khoshnood Ardavan M (2025a). A Growing Security Threat: Iranian Intelligence Operations in Scandinavia (Part One: Denmark and Norway). *Middle East Quarterly* 32(3).
- Khoshnood Arvin, Norell Magnus, Khoshnood Ardavan M (2025b). A Growing Security Threat: Iranian Intelligence Operations in Scandinavia (Part Two: Sweden). *Middle East Quarterly* 32(4).
- Khoshnood Ardavan (2025a). The Islamic Republic of Iran’s use of criminal intermediaries for extraterritorial assassinations and covert violence: a gray zone strategy of outsourced repression. *Small Wars & Insurgencies* 36(8):1433-1461.
- Khoshnood Ardavan (2025b). The War That Shook the Islamic Republic. *CGI Perspectives* 4166. Cyrus the Great Institute.  
<https://cyrus.institute/the-war-that-shook-the-islamic-republic/>
- Khoshnood Ardavan, Hajizadeh Moloud, Khoshnood Arvin (2026). Intelligence Penetration, Counterintelligence, and the Iran–Israel Covert Struggle. *Small Wars & Insurgencies*. Accepted manuscript.
- Khoshnood Ardavan M, Khoshnood Arvin (2024). The Islamic Republic of Iran’s Use of Diplomats in Its Intelligence and Terrorist Operations against Dissidents: The Case of Assadollah Assadi. *International Journal of Intelligence and CounterIntelligence* 37 (3):976-992.
- Lair Sam (2025). Shallow Ramparts: Air and Missile Defenses in the June 2025 Israel-Iran War. *Foreign Policy Research Institute*.  
<https://www.fpri.org/article/2025/10/shallow-ramparts-air-and-missile-defenses-in-the-june-2025-israel-iran-war>
- Palmer Alexander, Ward Kendall (2025). Air Superiority in the Twenty- First Century: Lessons from Iran and Ukraine. *CSIS Briefs*. Center for Strategic & International Studies.  
<https://www.csis.org/analysis/air-superiority-twenty-first-century-lessons-iran-and-ukraine>
- Tabatabai Ariane M., Martini Jeffrey, Wasser Becca (2021). The Iran Threat Network (ITN): Four Models of Iran’s Nonstate Client Partnerships. *Rand Corporation*.  
<https://www.rand.org/t/RR4231>









# Why the Fall of the Islamic Republic Contributes to Economic Growth in Europe and the West?







**Reza Ahmadi** is a finance and economics expert with a strong academic background. He holds a Master's degree in Finance and Corporate Management from Germany, as well as a second Master's degree in International Economics from the Graduate School of America in France. His academic work focuses on the analysis of economic policy dynamics, as well as broader questions within the field of political economy.

**A**t first glance, discussions about Iran's future are usually framed in terms of security, foreign policy, or human rights. However, a study by economists from the Austrian Institute of Economic Research (WIFO), the Vienna Institute for International Economic Studies (WIIW), and Drexel University in the United States, indicates that a political transition in Iran could become one of Europe's most important single economic opportunities in the coming decade.

This study attempts to model the economic consequences of Iran's return to the global economy. The findings are significant. According to the estimates presented, the removal of European sanctions against the current regime alone could increase Iran's gross domestic product by more than 80 percent in the long run, while the GDP of Germany and the European Union would as a result grow by about 0.3 to 0.4 percent. For Germany, this is estimated to be equivalent to nearly €13 billion in additional annual income, and for the European Union, more than €54 billion in annual value added.<sup>1</sup>

Additional revenue p.a. - Germany

**€ 13 bn.**

Minimum scenario (sanctions removal)

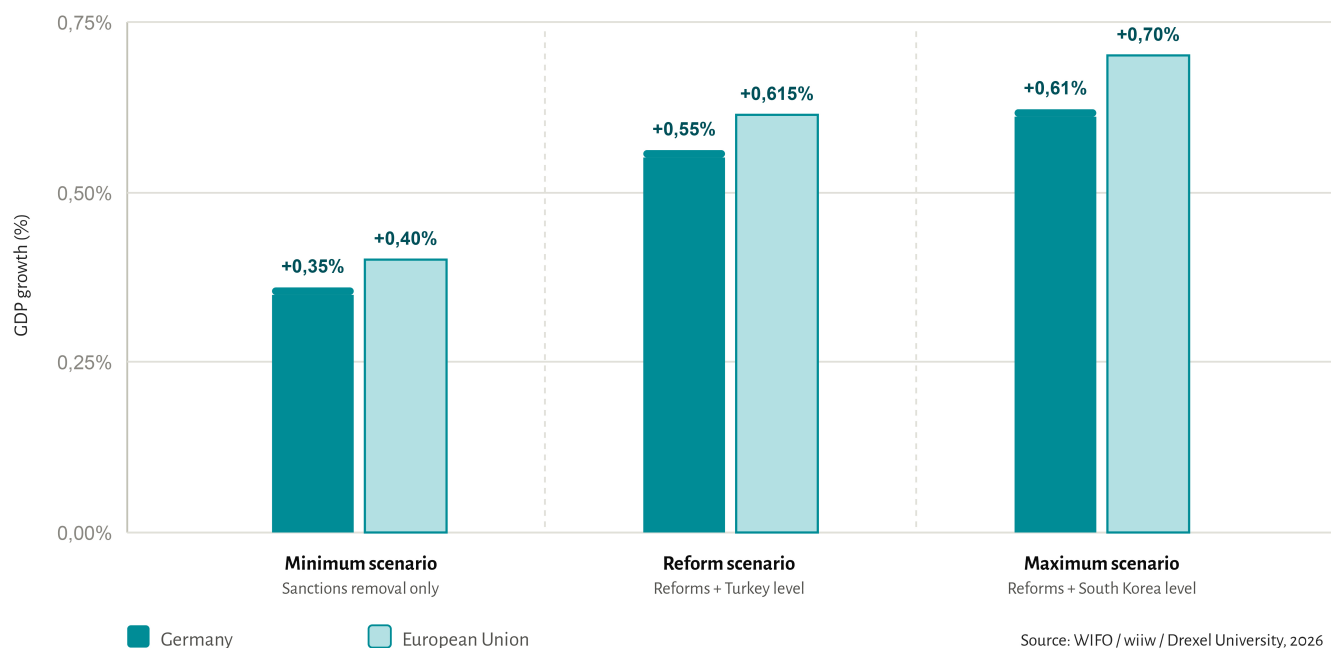
Annual added value - European Union

**€ 54 bn.**

Minimum scenario (sanctions removal)

#### GDP growth through Iran's reintegration – three scenarios

Percentage increase in GDP relative to baseline forecast - Source: WIFO / wiiw / Drexel University, 2026



<sup>1</sup> [https://www.ifo.de/DocDL/EconPol\\_PolicyBrief\\_81.pdf](https://www.ifo.de/DocDL/EconPol_PolicyBrief_81.pdf)

But this is only the minimum and skeptical scenario.

The economists behind the study also examined more ambitious scenarios. If, in addition to the lifting of sanctions, Iran were to implement broad institutional and economic reforms and move closer in productivity to countries such as Turkey or South Korea, its GDP could increase by between 240 to 390 percent. Under such a scenario, Germany's GDP would grow by between 0.49 and 0.61 percent, while the GDP of the European Union would increase by between 0.53 and 0.70 percent. For an economy the size of the European Union, such growth would amount to tens of billions of euros in additional annual value added.<sup>2</sup>

### Energy: The Most Important Variable

Europe's economy remains highly dependent on stability in energy markets. The war in Ukraine demonstrated how energy shocks can weaken Europe's economic growth. Tensions related to Iran have also had similar effects on global energy markets in recent years.

In 2026, the International Monetary Fund lowered its forecast for Germany's economic growth because of rising oil and gas prices resulting from regional tensions involving Iran. According to these estimates, Germany's economic growth was 0.3 percentage points lower than previous forecasts, while inflationary pressures increased at the same time.

The study argues that Iran's return to the global energy market could increase oil and gas supplies, reduce prices, and lessen volatility in energy markets. The direct result of such a development for Europe would be lower inflationary pressure, improved industrial competitiveness, and greater economic stability.<sup>3</sup>

### Iran: Europe's Forgotten Market

Iran is not merely an energy exporter. With a population of more than 90 million people, prior to the 1979 Revolution, the country one of the most important markets for Western industrial goods in the Middle East.

According to the WIFO report, Iran's reintegration into the global economy could increase bilateral trade between Iran

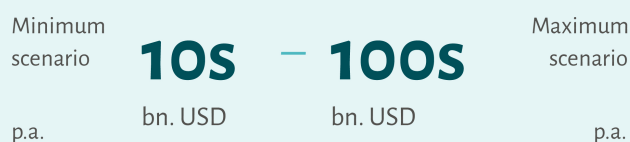
and Europe by tens to hundreds of billions of dollars annually. German industries in machinery, industrial equipment, automobiles, chemicals, technology, and infrastructure would likely be among the first beneficiaries of such a transformation.

For an economy such as Germany's whose growth relies heavily on industrial exports, access to a large, young, and largely untapped market could carry significant strategic importance.

## TRADE POTENTIAL

### Iran – Europe

Bilateral trade volume after reintegration



Source: WIFO / wiiw / Drexel, 2026

### FIRST BENEFICIARIES · GERMAN INDUSTRY

#### Mechanical engineering

Industrial machinery & plants

#### Automotive industry

Vehicles, parts & systems

#### Chemicals & pharma

Base materials, specialty chemicals

#### Infrastructure & construction

Energy, transport, building projects

#### Technology & electronics

Software, hardware, automation

#### Industrial equipment

Tools, precision engineering

90 million inhabitants · Largely untapped market

Before 1979: most important Western market in the Middle East

Bars: relative export strength of German sectors (schematic)

Exact sectoral breakdown pending (WIFO, 2026)

Felbermayr et al., WIFO / wiiw / Drexel University, 2026

<sup>2</sup> <https://wiiw.ac.at/economic-implications-for-europe-of-a-potential-regime-transition-and-reintegration-of-iran-into-the-world-economy-pj-394.html>

<sup>3</sup> <https://www.wifo.ac.at/en/publication/439806/>





## The Strait of Hormuz: A Chokepoint for Europe's Economy

One of the most important dimensions of this issue is energy security. A study by Germany's ifo *Institute* shows that approximately 6.2 percent of the European Union's imported crude oil and 8.7 percent of its imported liquefied natural gas (LNG) passes through the Strait of Hormuz. Any instability in this region can trigger sharp increases in energy prices and disrupt global supply chains as seen after the conflict between Israel/US and the Islamic Republic.

From this perspective a stable Iran that is integrated into the global economy is not solely a commercial opportunity, but is also a geopolitical asset for Europe's energy security.

## The Cost of Iran's Isolation

Academic research shows that the Islamic Republic's long-term confrontation with the West has reduced foreign investment, constrained trade, weakened economic growth, and eroded the quality of economic institutions in Iran. Some international studies suggest that over the past two decades Iran's economy has suffered enormous cumulative losses. In terms of economic magnitude, some of these losses are comparable to the damage experienced by countries affected by civil wars, although in Iran they have occurred without the outbreak of a large-scale internal conflict.

This situation indicates that a substantial portion of Iran's economic potential has effectively been frozen and could be reactivated under different political and economic conditions.

\*\*\*

## A Potential EU Policy Framework Toward Iran

*Before the Transition and During the First Year After the Fall of the Regime*

### I. The Pre-Transition Phase

In this phase, Iran remains under the rule of the existing regime, but the possibility of political transition increasingly enters Europe's strategic calculations. Under such circumstances, European Union policy should gradually move away from a framework of "crisis management" and toward one of "transition preparedness."

#### 1. EU's Strategic Approach

At this stage, Europe could adopt an approach of **Active Anticipation**. Such an approach would include:

- Developing a unified strategy for a political transition scenario in Iran;
- Defining Europe's vital interests in the areas of energy, migration, security, and trade;
- Designing a 10–15 year roadmap for the gradual integration of Iran should a political transition occur.

### 2. Institutional and Legal Preparation

The European Union should begin establishing the necessary institutional and legal infrastructure now, so that in the event of political change, it can act rapidly, coherently, and according to pre-established rules, rather than through fragmented and reactive measures.

This preparation could rest on three pillars:

- The creation of a permanent European Union body, tentatively called the **Iran Transition Task Force**, responsible for monitoring developments, coordinating policies, and designing operational scenarios;
- The establishment of clear criteria for future cooperation and integration, including:
  - ▶ Rule of law and judicial independence;
  - ▶ Institutional transparency and accountability;
  - ▶ Respect for human rights;
  - ▶ Move toward a competitive and predictable market economy.
- The development of legal frameworks for conditional engagement during periods of instability, so as to allow the European Union to expand or restrict cooperation in



accordance with political and economic developments while maintaining strategic flexibility.

### 3. Limited and Controlled Economic Instruments

During a period of political instability, Europe's objective should not be the full liberalization of the Iranian economy. Rather, it should focus on creating limited and carefully managed channels that can prevent economic collapse while reducing risks for prospective economic actors.

This approach could rely on three principal instruments:

- **Humanitarian Assistance Packages and Humanitarian & Energy Corridors**
  - ▶ These corridors would create designated channels for trade in essential goods, including medicine, food, medical equipment, and selected critical energy-sector supplies. Their primary purpose would be to prevent a humanitarian crisis and preserve the minimum functioning of economic infrastructure without constituting a full reopening of trade.
- **Preparation of Conditional Credit Facilities Through European Financial Institutions**
  - ▶ Under this mechanism, limited financial resources would be made available to a transitional government or governing structure. However, disbursement would occur gradually and conditionally. Access to these funds could be linked to indicators such as macroeconomic stability, financial transparency, and institutional progress. This instrument would simultaneously provide financial support while encouraging economic discipline and reform.
- **Political Risk Insurance for European Companies**
  - ▶ The purpose of this instrument would be to reduce the cost of market entry, increase investor confidence, and create incentives for private-sector participation under conditions of uncertainty.

### 4. Diplomacy and Institutional Influence on Iran

At this stage, the objective is to maintain a minimum level of engagement while preparing for a potential transition period, without allowing such engagement to be interpreted as full legitimization of the existing political order.

This approach could include the following measures:

- Maintaining diplomatic channels at a minimal level to manage crises and prevent a complete breakdown in communications;
- Establishing and strengthening networks among experts, private-sector actors, and civil society organizations in order to preserve channels of interaction and enhance mutual understanding;
- Monitoring economic power structures to identify key actors and institutions that are likely to play influential roles during the post-transition period.

## II. The First Year After the Fall of the Regime (Post-Transition Year +1)

During the first year following the collapse of the previous regime, the European Union's priority shifts from **preparedness** to **stabilization**. This period may prove decisive in determining the success or failure of the transition process.

### 1. Strategic Priority: Stabilizing the Transitional Government

- Providing conditional political support to a transitional government or governing structure so as to maintain EU posture and interests;
- Coordinating with the United Nations and regional actors to prevent a power vacuum;
- Preventing institutional collapse and reducing the risk of civil conflict.

### 2. Economic Stabilization Package

To prevent economic breakdown, a targeted short-term support package could be activated, including:

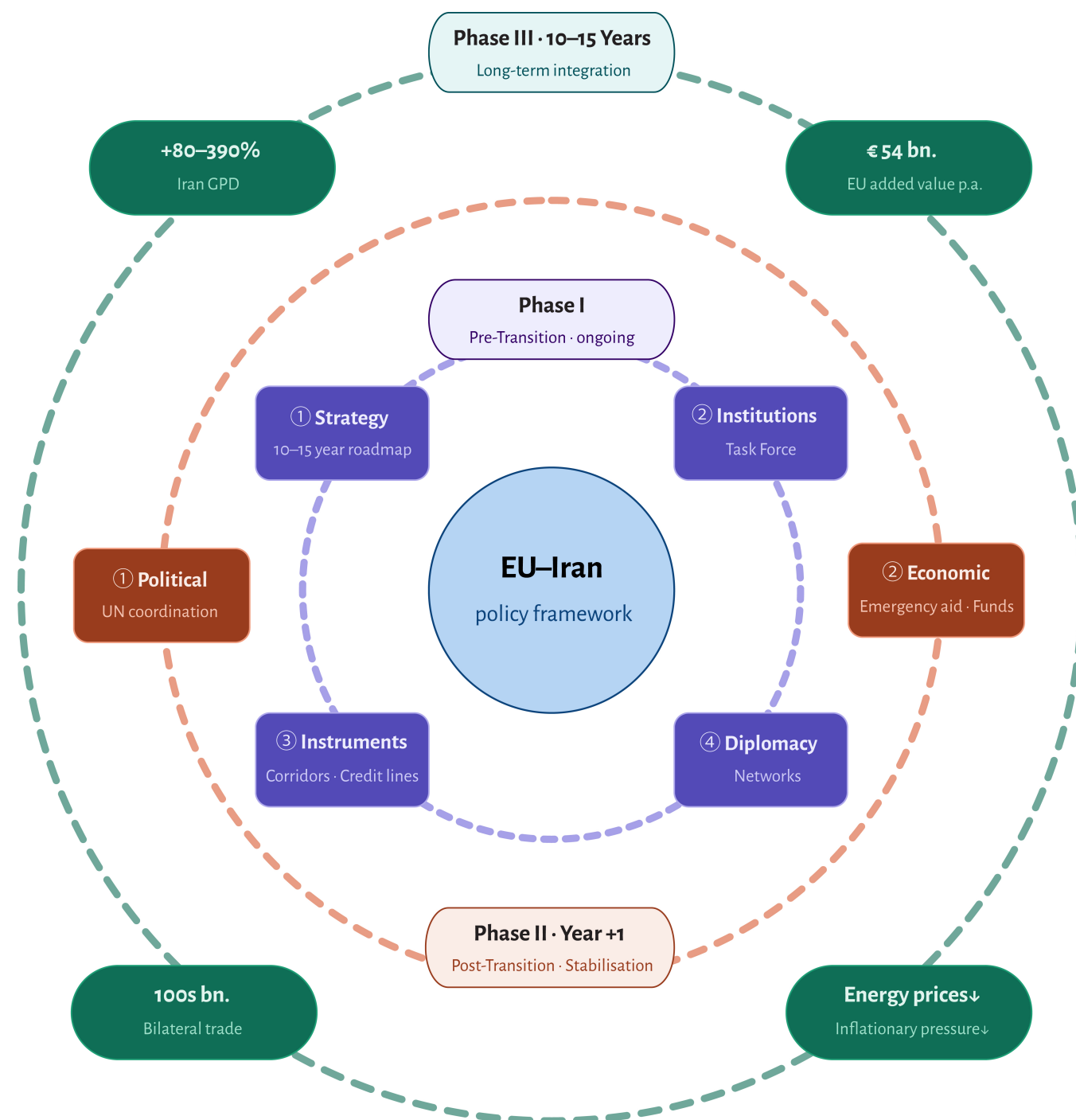
- Emergency financial assistance to stabilize the macroeconomy;
- Immediate activation of an infrastructure reconstruction fund;
- Controlled liberalization of trade;
- Support for the banking system to prevent a liquidity crisis.





### 3. Financial and Investment System Reform

Once initial stability has been established, attention should shift toward rebuilding the financial system, reforming investment structures, attracting foreign capital, and creating a predictable environment for economic activity. This process will play a critical role in determining the long-term success of the Iranian transition while contributing to European interests.



Source: Felbermayr et al., WIFO / wiiw / Drexel University, 2026





## Beyond Iran

An important point to remind is that this discussion is not solely about Iran's economic growth.

In recent years, Europe has faced weak economic growth, an energy crisis, declining industrial competitiveness, and persistent inflationary pressures. Under such conditions, even a 0.5 to 0.7 percent increase in the European Union's GDP could have significant effects on investment, employment, and tax revenues.

From a political-economy perspective, Iran should not be viewed merely as a security issue. Iran's reintegration into the global economy could play a role similar to the expansion of Eastern European markets after the end of the Cold War: the emergence of a new market, access to additional energy resources, the creation of new trade corridors, and the development of a potential engine of growth for the European economy.

Of course, all of these scenarios rest upon a fundamental assumption: the successful realization of political transition, the establishment of the rule of law, the implementation of economic reforms, improvements in institutional transparency, and the restoration of international confidence. Without these elements, the economic projections discussed here will remain largely hypothetical.

Should such conditions emerge, however, one of the world's largest isolated economies could become one of the most significant opportunities for economic growth available to Europe and the broader West in the coming decades.

Iran is an opportunity the EU should take seriously, because others will.



*A demonstrator pounds at the Berlin Wall as East Berlin border guards look on from above the Brandenburg Gate, November 11, 1989.  
Stringer/Reuters*



# **Lasting Security in the Strait of Hormuz:** Security for Europe







# Why Europe and Germany Face a Strategic Choice on Iran?



## Mahmoudreza Momeni, Ph.D., Doctor of Atmospheric Sciences,

is a senior scientist at the Institute for the Environment and the Center for Environmental Modeling for Policy Development at the University of North Carolina. His research focuses on atmospheric sciences and environmental modeling, with an emphasis on developing scientific approaches that support informed policy decisions.

### 1. The Geopolitical Importance of the Strait of Hormuz

Geographic locations play a role far beyond their physical dimensions, exerting a decisive influence on global economy and political security. These locations, some commonly referred to in geopolitical literature as strategic chokepoints, serve as critical corridors for the movement of energy, commodities, and international trade. Among these chokepoints, the Strait of Hormuz occupies a uniquely vital position. The U.S. Energy Information Administration (EIA) identifies the Strait of Hormuz as the world's most critical oil transit chokepoint because no other location on Earth facilitates the movement of such a massive volume of energy through such a confined geographic corridor (EIA, 2025).

According to the EIA, approximately 20 million barrels per day (bpd) of crude oil, condensates, and petroleum products transited the Strait in 2024. This volume accounted for roughly 20 percent of global oil consumption and nearly one-quarter of all seaborne oil trade worldwide (EIA, 2025). The Strait is equally critical to the global liquefied natural gas (LNG) market. Approximately 20 percent of worldwide LNG trade passes through this route, with the majority originating from Qatar (EIA, 2025). The International Energy Agency (IEA) reported that more than 110 billion cubic meters of LNG transited the Strait in 2025, while

approximately 93% of Qatar's LNG exports and 96% of the United Arab Emirates' LNG exports depended on this waterway (IEA, 2025). Consequently, this high level of dependence ensures that any disruption in the Strait of Hormuz rapidly escalates into a matter of acute global concern (IEA, 2025).

The 2026 conflict involving the Islamic Republic of Iran, Israel, and the United States re-centered the Strait's importance for global supply chains. During the crisis, maritime traffic through the Strait declined sharply as commercial shipping, insurance, and energy companies scaled back or suspended their regional operations. As a result, Reuters reported that U.S. oil exports surged to a record 5.6 million bpd in response to reduced supplies from the Middle East, while energy-consuming nations were compelled to draw upon strategic reserves to mitigate supply shortages (Reuters, 2026). Simultaneously, UNCTAD noted that disruptions in the Strait impacted not only energy markets but also the global trade of fertilizers, chemicals, and essential commodities. The organization warned that a prolonged crisis could yield severe consequences for nations dependent on imported energy and food supplies (UNCTAD, 2026).



## 2. The Strait of Hormuz and Global Energy Security

The EIA estimates that even under maximum utilization of existing alternative pipelines in Saudi Arabia and the UAE, only a modest fraction of regional exports could be successfully rerouted away from the Strait. The combined throughput capacity of these alternative pathways is estimated at 6 to 7 million bpd, contrasted against the nearly 20 million bpd that typically transit the waterway (EIA, 2024). A complete cessation of traffic through the Strait would therefore abruptly remove roughly 13 to 14 million bpd from global markets. For context, this supply deficit exceeds the total daily production capacity of either Russia or Saudi Arabia.

A parallel vulnerability characterizes the natural gas sector. The International Energy Agency (IEA) notes that approximately 20 percent of global LNG trade passes through this corridor. Europe's escalating reliance on LNG that has been accelerated by supply reconfigurations following the Ukraine war, renders the security of this waterway paramount for European energy security and system resilience. The crisis demonstrated that even if a portion of regional energy exports can be successfully diverted through alternative pipelines, no existing infrastructure possesses the capacity to fully substitute for the Strait of Hormuz. Ultimately, the rapid, volatile reaction of global energy markets underscored a structural reality that policymakers have long recognized: the Strait remains the single most critical energy chokepoint in the global economy.

For Europe, and particularly for Germany, the security of the Strait of Hormuz transcends conventional geopolitical concern. It constitutes an indispensable pillar of domestic economic security, industrial resilience, and long-term energy macroeconomic stability.

## 3. The Strait of Hormuz, the Global Fertilizer Market, and Food Security: The Forgotten Chokepoint of Global Food Security

The empirical evidence of 2026 has demonstrated that the strategic significance of the Strait extends beyond hydrocarbons. The Strait has also emerged as a principal artery for the global fertilizer trade, meaning that maritime disruptions within this corridor directly reverberate through

agricultural production systems worldwide.

Over the past two decades, the Persian Gulf region has consolidated its position as a primary global hub for nitrogen fertilizer production. The vast natural gas reserves of Qatar, Saudi Arabia, the United Arab Emirates, and Iran have enabled these states to become dominant producers of ammonia, urea, and derivative agricultural inputs. According to UNCTAD metrics, approximately one-third of the global seaborne fertilizer trade—equivalent to nearly 16 million metric tons annually—transits the Strait of Hormuz. Furthermore, Persian Gulf nations account for roughly 13 percent of global nitrogen fertilizer exports and 9 percent of global phosphate fertilizer exports.

Prior to 2026, numerous analysts cautioned that a closure of the Strait of Hormuz could trigger an inflationary crisis extending beyond energy markets. The 2026 conflict involving the Islamic Republic of Iran, Israel, and the United States provided the first empirical test of these systemic concerns. As hostilities escalated and maritime transit was severely impeded, UNCTAD documented that vessel traffic through the Strait of Hormuz plummeted by more than 95 percent, effectively paralyzing the global fertilizer trade. The World Bank reported that global urea prices surged by approximately 46 percent between February and March 2026 alone—marking one of the sharpest fertilizer price shocks since the 2022 energy crisis. In a subsequent assessment, the World Bank projected that cumulative urea prices could appreciate by nearly 60 percent over the course of 2026, potentially driving the global fertilizer price index to its highest level since 2022.

Ultimately, the 2026 crisis demonstrated that long-standing warnings regarding global agricultural markets were not theoretical exaggerations. Rather they exposed a structural vulnerability at the core of the global food system. The events of this year revealed that the Strait of Hormuz functions not only as a critical energy bottleneck but also as a primary and frequently overlooked gateway for the international fertilizer market, and therefore global food security.

According to World Bank indices, the global fertilizer price index advanced by more than 12 percent during the first quarter of 2026, with urea exhibiting the sharpest price appreciation among major agricultural inputs. Reuters documented that the European Union temporarily suspended import tariffs on several nitrogen-based fertilizers, including urea and ammonia, in an effort to insulate agricultural producers from soaring operational costs. This intervention





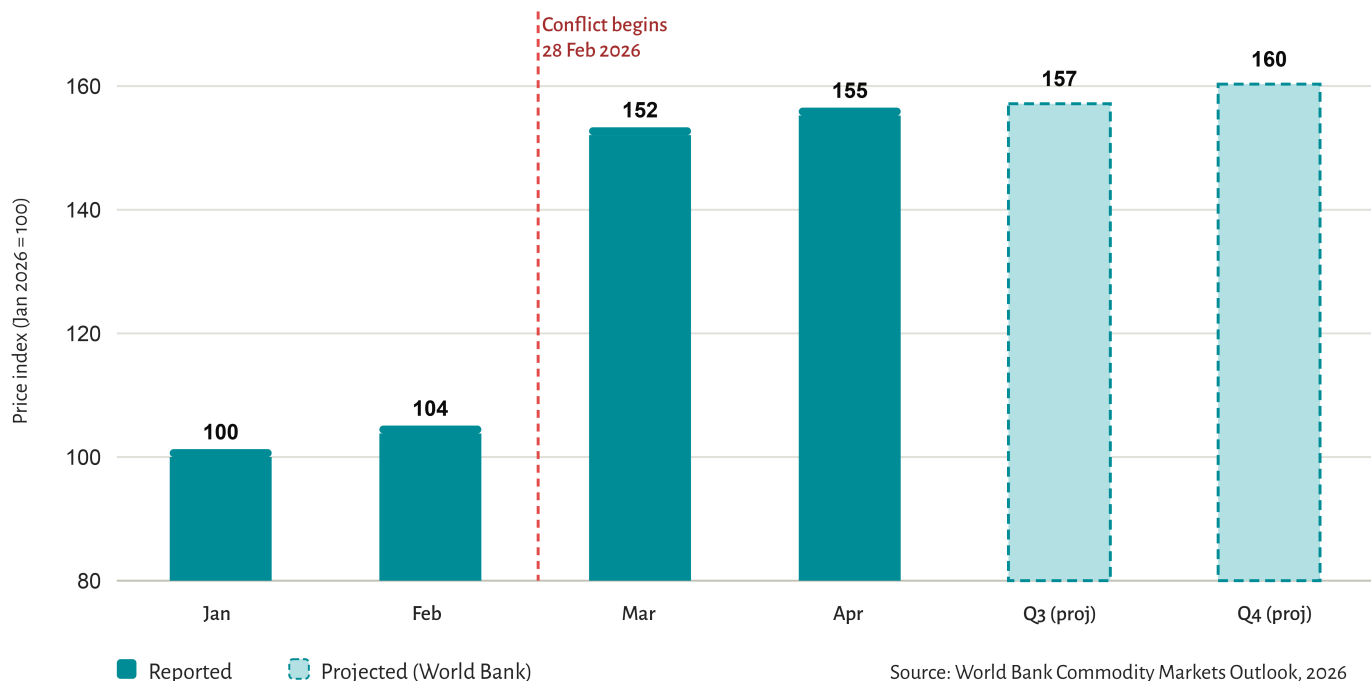
Feb → Mar spike

**+46%**

Full-year projection

**+60%**

Hormuz traffic drop

**-95%**

reflected growing concern among European policymakers regarding the compounding impact of the Hormuz crisis on domestic agricultural yields and consumer food price inflation.

Simultaneously, international organizations warned that depressed fertilizer availability ahead of critical planting cycles could curtail grain production across several key agricultural regions, potentially triggering a new wave of structural inflationary pressure in global food markets.

The 2026 crisis exposed a critical paradigm: global food security is fundamentally as dependent on the long-term security and stability of the Strait of Hormuz as global energy security. Crucially, while many sovereign states maintain strategic petroleum reserves to cushion against supply disruptions, no comparable global architecture or stockpiling mechanism exists for fertilizers. Consequently, systemic volatility in fertilizer markets may yield longer-lasting and more stubborn structural consequences than comparable disruptions in crude oil markets.

#### 4. The Strait of Hormuz, Global Shipping, and Marine Insurance: A Vital Artery of Global Maritime Trade

The role of the Strait of Hormuz in global maritime logistics has frequently been overshadowed by its centrality to hydrocarbon markets. In reality, the Strait functions as more than an energy transit corridor. It represents one of the most critical conduits for international commerce, facilitating the movement of crude oil, LNG, petrochemical derivatives, fertilizers, industrial raw materials, and a diverse array of manufactured goods.

Empirical data compiled by Reuters and UNCTAD indicate that approximately 125 to 140 commercial vessels transited the Strait of Hormuz daily prior to the outbreak of hostilities. Yet at the height of the 2026 crisis, daily throughput plummeted to between 6 and 11 vessels, witnessing a downfall of roughly 95 percent. Consequently, numerous global shipping conglomerates diverted their fleets entirely, leaving dozens of oil tankers and commercial container ships stranded or idling within the Persian Gulf.

One of the most immediate market adjustments to the conflict was a dramatic spike in ocean freight rates. Reuters



reported that spot charter rates for crude tankers on certain Middle Eastern routes surged past \$500,000 per day—multiple times higher than pre-crisis baselines. Similarly, LNG transportation costs appreciated rapidly, with daily charter rates for specialized LNG carriers expanding by more than 40 percent on high-demand corridors.

Perhaps the most salient lesson of the 2026 crisis for the maritime industry was the decisive role played by marine underwriters. In the opening phases of the conflict, numerous marine insurers suspended or aggressively reassessed war-risk coverage for vessels operating within the Persian Gulf. Reuters reported that major Protection and Indemnity (P&I) clubs and insurance providers—including Gard, Skuld, NorthStandard, and the London P&I Club—either withdrew existing coverage or instituted substantial underwriting revisions, compelling shipowners to secure new policies at significantly inflated premiums.

According to Reuters, war-risk insurance premiums for Very Large Crude Carriers (VLCCs) and large tankers escalated from approximately 0.25 percent of total hull value prior to the conflict to nearly 3 percent at the peak of the crisis. For a tanker valued at \$250 million, this appreciation translated into a staggering insurance cost of roughly \$7.5 million for a single transit, contrasted against approximately \$625,000 under baseline maritime conditions. In practice, these soaring overheads were systematically passed down the value chain to end consumers via increased prices for crude oil, natural gas, industrial inputs, and finished manufactured goods.

## 5. The Economic Consequences of Disruptions in the Strait of Hormuz for Europe and Germany

Among European nations, Germany exhibits structural vulnerability to external energy shocks. The country's export-oriented industrial model is strictly predicated upon reliable, affordable, and predictable energy inputs, with its chemical, steel, automotive, and heavy machinery sectors ranking among the largest aggregate energy consumers in Europe.

Reuters reported that the German Council of Economic Experts responded to the mounting inflation and volatility of the Hormuz crisis by downgrading its 2026 real GDP growth forecast from 0.9 percent to 0.5 percent. Under a prolonged-crisis scenario, the Council projected that German economic expansion could contract to approximately 0.2 percent, while headline inflation could escalate to roughly 3.5 percent.

Given the absolute scale of the German economy, a macroeconomic deceleration of this magnitude corresponds to an estimated loss of €18–20 billion in domestic economic activity. This demonstrates that even in the absence of direct crude oil shipments from the Persian Gulf to German ports, systemic disruptions within the Strait of Hormuz aggressively degrade the country's overall economic performance through broader market integration.

Germany's chemical sector was among the first industrial segments to absorb the shock. The industry relies extensively on natural gas, utilizing it not merely as an energy source

*Many ships still remained near the Strait of Hormuz as of June 18. © Reuters*





for manufacturing processes but as a critical, irreplaceable feedstock for the synthesis of complex chemical derivatives. Reuters noted that, according to the German Chemical Industry Association (VCI), the sector suffered a 6 percent contraction in production volume and a 5.4 percent decline in gross sales during Q1 of 2026. Skyrocketing energy overheads and raw material procurement costs were identified as the primary catalysts for this downturn. The structural implications of this contraction extend far beyond a single industry. Because Germany's chemical sector constitutes a foundational hub for Europe's broader industrial supply chains, depressed output within this node generates cascading effects across automotive engineering, pharmaceuticals, commercial agriculture, and industrial equipment manufacturing in the continent.

Specifically, the 2026 crisis functioned as a compounding catalyst for:

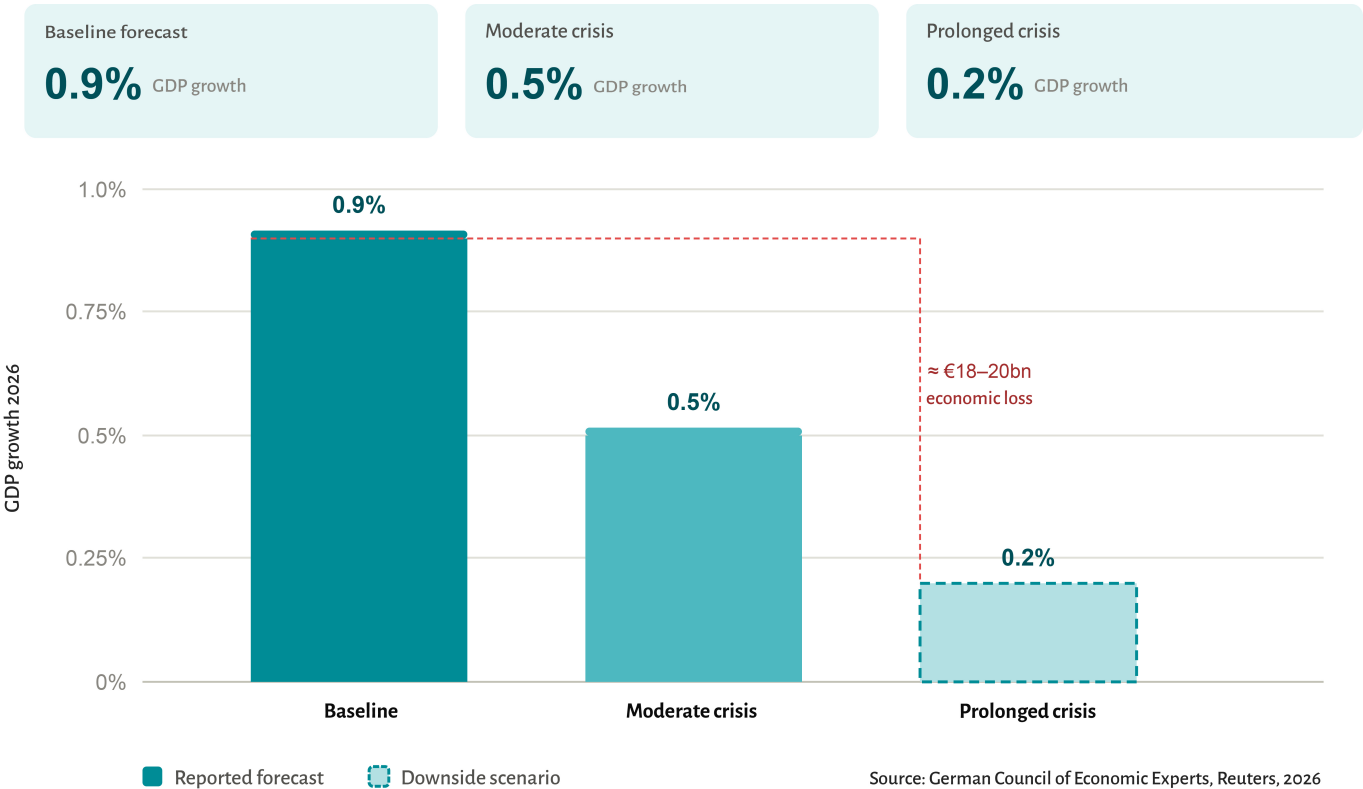
- 1. Surging crude oil benchmarks across international energy markets;
- 2. Escalating wholesale natural gas pricing, particularly within European hub architectures;
- 3. Inflated agricultural fertilizer costs, driving up global farm-gate expenses;
- 4. Prohibitive maritime transportation expenses and shipping corridor reconfigurations;
- 5. Aggressive appreciation in marine insurance risk premiums for high-risk zones;

- 6. Elevated industrial operating overheads across manufacturing and heavy industry;
- 7. Widespread inflationary pressures cascading down to end-consumer markets;
- 8. Acute operational strain within Europe's integrated chemical processing sectors; and
- 9. Heightened structural risks threatening global food security paradigms.

Under these integrated conditions, even sovereign nations that maintain zero direct import dependency on Middle Eastern hydrocarbons are impacted via exposure to global pricing tides. The empirical realities of the 2026 crisis have thus definitively underscored the hyper-integrated architecture of global energy markets, demonstrating how a localized disruption within a single strategic bottleneck can trigger systemic, worldwide macroeconomic consequences.

6. The Future of the Strait of Hormuz, Regional Stability, and Europe's Strategic Interests

The conflict revealed that even in the absence of a severe contraction in physical supply, geopolitical uncertainty alone acts as an inflationary driver, capable of spiking energy benchmarks, inflating transit costs, escalating marine insurance premiums, and dampening long-term capital investment.



Given Iran's geographic position, no long-term solution for the security of the Strait of Hormuz can realistically be envisioned without Tehran's active participation. Iran is the largest littoral state bordering the Strait of Hormuz, meaning that political and security developments within the country inevitably exert a direct and profound influence on the safety, stability, and long-term security of this strategic corridor.

The history of relations between Iran and Europe demonstrates that periods of domestic political stability in Iran have consistently coincided with expanded commercial ties with European nations. This correlation is not merely a theoretical proposition but a documented historical reality. During the 1960s and 1970s, Iran emerged as one of Europe's major economic partners in the Middle East. European states, most notably West Germany, France, and the United Kingdom, played pivotal roles in the modernization of Iran's industrial, energy, and transportation infrastructure. German enterprises were deeply integrated into domestic steel production, petrochemical processing, power generation, and heavy industrial projects, while West Germany consolidated its position as Iran's largest trading partner within Europe (Abrahamian, 2008; Iranica, 2023). Extensive economic interdependencies among Iran, Europe, and the United States created a functional framework in which the economic and security interests of the principal actors were broadly aligned.

The compounding lessons of both the war in Ukraine and the 2026 Hormuz crisis have definitively shown that Europe operates in a volatile geopolitical theater where strategic interdependencies can rapidly degrade into structural economic vulnerabilities. From this perspective, Europe faces a critical strategic choice:

- One option is to persist with short-term, reactive policies focused primarily on tactical crisis management. Under this paradigm, Europe merely seeks to mitigate the immediate consequences of successive supply-chain shocks without addressing the drivers of regional instability.
- The alternative is a medium-term strategy centered on fostering sustainable, comprehensive stability in the Middle East. This approach is predicated on the premise that durable security in the Strait of Hormuz can only be actualized when the littoral nations enjoy internal stability, accountable governance, constructive diplomatic relations with the international community, and a shared alignment with the principles of international commerce.

History suggests that no durable security architecture in the Middle East can be achieved without the active participation and consent of the Iranian people. Iran stands as the largest littoral state bordering the Strait of Hormuz, one of the region's most influential geopolitical powers, and the custodian of vast natural resource reserves. The future safety of this strategic waterway is therefore structurally inseparable from Iran's political future.

## 7. Europe at a Historic Crossroads: Why Europe Needs Iran as a Reliable Partner

The Islamic Republic, much like Russia, has demonstrated that it cannot be integrated as a reliable partner within Europe's security and economic architecture. At a critical juncture in Europe's post-Ukraine security environment, the regional posture of the Islamic Republic has imposed macroeconomic pressure on both Europe and Germany. These developments strongly indicate that Europe is not merely confronting a transient crisis, but rather an entrenched, structural pattern of regional instability.

The assumption that sustainable security can return to the Strait of Hormuz under the current institutional framework of the Islamic Republic appears increasingly irreconcilable with regional geopolitical realities. A revisionist foreign policy characterized by asymmetric confrontation, deliberate escalation, and the export of localized crises has become deeply embedded within the strategic identity of the current rulers of Iran. Consequently, even transient periods of relative calm provide no guarantee of durable equilibrium. Sustainable security demands far more than the temporary absence of kinetic conflict. It requires predictable institutional behavior and institutionalized, long-term regional cooperation. From this perspective, engaging with domestic political forces capable of fostering institutional sustainability, equitable economic development, and robust regional cooperation transcends a purely normative or moral preference; rather it constitutes an absolute strategic necessity.

Such a paradigm shift may yield substantial secondary dividends for Europe. A successful, sustainable democratic transition in Iran could significantly mitigate the likelihood of large-scale, destabilizing migration flows toward the European continent. Conversely, protracted domestic instability, state-led repression, and systemic economic degradation within Iran will inevitably generate acute migration pressures, compounding humanitarian challenges, and imposing auxiliary socioeconomic burdens on European





host societies. Ultimately, Europe faces an inescapable choice: it must decide whether it wishes to act as an architect of a sustainable solution or remain a passive bystander to the perpetuation of a structural crisis.

In sum, sustainable security in the Strait of Hormuz, long-term geopolitical sustainability in the Middle East, and the systemic mitigation of risk vectors facing Europe can only be actualized when the democratic will of the Iranian people in determining their country's future is realized, and when structural conditions permit the emergence of a new rules-based political order in Iran and the broader region.

## Literaturverzeichnis

- Abrahamian, E. (2008). *A History of Modern Iran*. Cambridge University Press.
- Agency for the Cooperation of Energy Regulators (ACER). (2026). *Gas Market Developments and Impact of the Middle East Crisis*.
- Amuzegar, J. (1991). *The Dynamics of the Iranian Revolution*. State University of New York Press.
- Encyclopaedia Iranica. (o. J.). *Germany–Iran Relations*. Abgerufen von <https://www.iranicaonline.org/articles/germany-i>
- Erisman, J. W., Sutton, M. A., Galloway, J., Klimont, Z., und Winiwarter, W. (2008). How a century of ammonia synthesis changed the world. *Nature Geoscience*, 1(10), 636–639.
- Euronews. (2026). *Europe's trade with Iran: Germany remains Iran's largest trading partner in the EU*.
- German Federal Foreign Office. (o. J.). *Germany and Iran: Bilateral relations*. Abgerufen von <https://www.auswaertiges-amt.de/en/aussenpolitik/laenderinformationen/iran-node/iran-218250>
- Insight Turkey. (o. J.). *German-Iranian relations: Geopolitical and economic dimensions*.
- International Energy Agency (IEA). (2025). *The Middle East and Global Energy Markets*.
- MERIP (Middle East Research and Information Project). (1984). *West German ties with Iran and Iraq*.
- Our World in Data. (o. J.). *How many people does synthetic fertilizer feed?*
- Reuters. (2026a). *EU suspends duties on fertilizers to ease impact of Hormuz crisis on farmers*.
- Reuters. (2026b). *German chemical industry affected by Middle East conflict*.
- Reuters. (2026c). *German Economic Council cuts growth forecast as energy prices rise*.
- Reuters. (2026d). *Iran war dims hopes for German economic recovery*.
- Reuters. (2026e). *Iran war saddles global companies with billions in additional costs*.
- Reuters. (2026f). *Key energy and shipping trends after three months of Iran turmoil*.
- Reuters. (2026g). *Maritime insurance premiums surge as Iran conflict widens*.
- Reuters. (2026h). *Ship insurers cancel war risk cover due to Iran conflict*.
- Reuters. (2026i). *Ship operators urge clear rules to return Hormuz to normal*.
- Reuters. (2026j). *Shipping traffic remains near standstill through Hormuz*.
- Reuters. (2026k). *Still too risky: Maritime operators remain cautious in gulf waters*.
- Reuters. (2026l). *US crude exports hit record high as Iran war tightens global oil supplies*.
- Smil, V. (2001). *Enriching the Earth: Fritz Haber, Carl Bosch, and the Transformation of World Food Production*. MIT Press.
- United Nations Conference on Trade and Development (UNCTAD). (2026a). *Gas, grain and fertilizer disruptions raise risks for food security and trade*.
- United Nations Conference on Trade and Development (UNCTAD). (2026b). *Hormuz shipping disruptions raise risks for energy, fertilizers and vulnerable economies*.
- United Nations Conference on Trade and Development (UNCTAD). (2026c). *Strait of Hormuz disruptions: Implications for global trade and development*.
- U.S. Energy Information Administration (EIA). (2025a). *About 20% of global LNG trade transited the Strait of Hormuz in 2024*.
- U.S. Energy Information Administration (EIA). (2025b). *The Strait of Hormuz is the world's most important oil transit chokepoint*.
- World Bank. (2026a). *Commodity Markets Outlook*.
- World Bank. (2026b). *Food Security Update*.





# Ceasefire Without Reconciliation



## Why Germany should not mistake a possible U.S.–Islamic Republic agreement for a strategic breakthrough

### **Elahe Ramandi,**

*Born in Tehran, Elahe Ramandi began her studies in Economics in Iran before completing her studies in Pharmacy in Germany. In recent years, she has devoted extensive attention to the history and politics of the Iran and its relation with the world. She writes on political and cultural issues, and her articles have been published in Persian language publications. Since 2023, she has served as the Editor in Chief of "Iran im Diskurs".*

### **The Pause of a War, Not the End of a Conflict**

The 2026 war between the U.S.-Israeli coalition on one side and the Islamic Republic on the other began on February 28. After nearly thirty-eight days of fighting, it entered a new phase with the conditional ceasefire of April 7–8. This war was fundamentally different from the twelve-day war of June 2025. This time, the attacks were openly designed around the stated goals of regime change and the destruction of Iran's nuclear and missile programs. In the first days of the war, Ali Khamenei, the Supreme Leader of the Islamic Republic, was killed in the strikes. His son was then introduced as his successor, a development that increasingly turned the Islamic Revolutionary Guard Corps (IRGC) into Iran's main source of political power.

What followed the April ceasefire was not peace, but a war of attrition played on tightrope over the Strait of Hormuz. The Islamabad negotiations in April ended without result. U.S. Vice President JD Vance said Iran had refused to accept Washington's terms, and the United States then began a naval blockade of Iran. The intense clashes of June 7–8 marked the worst escalation since the April ceasefire. Ultimately, on June 14 mediators announced a memorandum of understanding that was signed on June 17 by the presidents of the United States and Iran. The agreement created a sixty-day window for negotiations over the final terms. Only from June 19 onward were tankers once again able to pass freely through the Strait of Hormuz, although Iran's newly created "Hormuz Authority" allegedly in charge of the Strait immediately announced its intention to collect a "tariff," according to PBS and CNN.

Markets reacted positively to this easing of tensions, and the question of investment in Iran has once again returned to European economic circles. But the central question lies here: are we facing a historic turning point, or merely the temporary suspension of a crisis?

This article argues that the available evidence points far more strongly to the second possibility.

### **The Difference Between De-escalation and Conflict Resolution**

In international relations, the suspension of violence is not the same as the resolution of conflict. At least five distinct conditions can be identified here: de-escalation, ceasefire, crisis management, conflict resolution, and durable peace. The first three only reduce the intensity or frequency of violence. The last two address the roots of the conflict.

Johan Galtung, one of the founders of peace studies, formulated this distinction through the concepts of "negative peace" and "positive peace." Negative peace is simply the absence of direct violence. Positive peace requires the removal of the structural causes of conflict. Many agreements stop a war without ending the conflict. They suspend violence, but the logic from which that violence emerges remains untouched.

What is now taking place between Tehran and Washington is less "conflict resolution" and more "crisis management." It is an attempt to contain the costs of confrontation, but the root causes of the confrontation itself have not been removed. Durable peace becomes possible when the parties conclude that their previous strategy has failed and abandon it, along with the political logic behind it. An agreement without such a revision is at best a pause of conflicts.

### **Why the Current Agreement Is Likely Fragile**

If we apply the standard above to the current situation, the reasons for doubt about the durability of the agreement become clear.

**First**, the United States has not declared its previous strategy a failure. On the contrary, it entered the conflict with overwhelming military force and is now pursuing the agreement from a position of strength. Second, the Islamic Republic has not questioned its regional or ideological strategy either. In the days after the ceasefire, the commander of



the IRGC Quds Force spoke of creating a new “security belt of resistance” from the Strait of Hormuz to Bab al-Mandab, according to CNN, citing Tasnim. This is a sign that the logic of regional expansion remains intact.

**Second**, the same problem is visible in Tehran’s insistence that Lebanon be included as part of the ceasefire arrangement. This demand is not a technical detail. It shows that the Islamic Republic still sees its regional proxies and spheres of influence as part of its core security doctrine. A state that wants Lebanon included in a ceasefire with Washington has not abandoned its ideology or its geopolitical ambitions. It is still negotiating as an empire of influence, not as a normal state seeking de-escalation.

**Third**, there is also a serious problem inside Iran. The regime is not speaking with one clear voice. Some IRGC forces close to the country’s President Masoud Pezeshkian appear to want a deal and a way out of war. Others close to IRGC commanders want revenge for Khamenei and see the continuation of the war as a matter of honor, ideology, and even regime survival. Agreements are fragile when the state that signs them cannot clearly impose the logic of compromise on its own elite.

**Fourth**, and perhaps most importantly, there is the problem of the “victory narrative.” The experience of the twelve-day war of 2025 is instructive. Then Supreme Leader Ali Khamenei called that war a “decisive victory.” The same pattern has repeated itself in 2026 with the IRGC and regime institutions presenting

the mere fact of regime survival after a devastating decapitation strike as victory. A government that sees itself as victorious has no incentive to revise its policies. This is the exact opposite of the logic of the “mutually hurting stalemate” that Zartman sees as the condition for conflict resolution.

**Fifth**, the agreement is worryingly dependent on the will of one person: Donald Trump. He extended the ceasefires and pushed the negotiations forward. Agreements that are tied too closely to one person usually have limited durability. This is especially true when Israel still openly wants the war to resume until regime decapitation or a more clear military outcome. Israeli Defense Minister Yoav Katz said Israel would be ready to continue the attacks as soon as Washington gave the green light, while Yair Lapid described the ceasefire as one of the “political disasters” in his country’s history, according to Al Jazeera.

The conclusion is that an agreement after the 60 day MoU deadline is a possibility. But the conditions for its durability are still not visible.

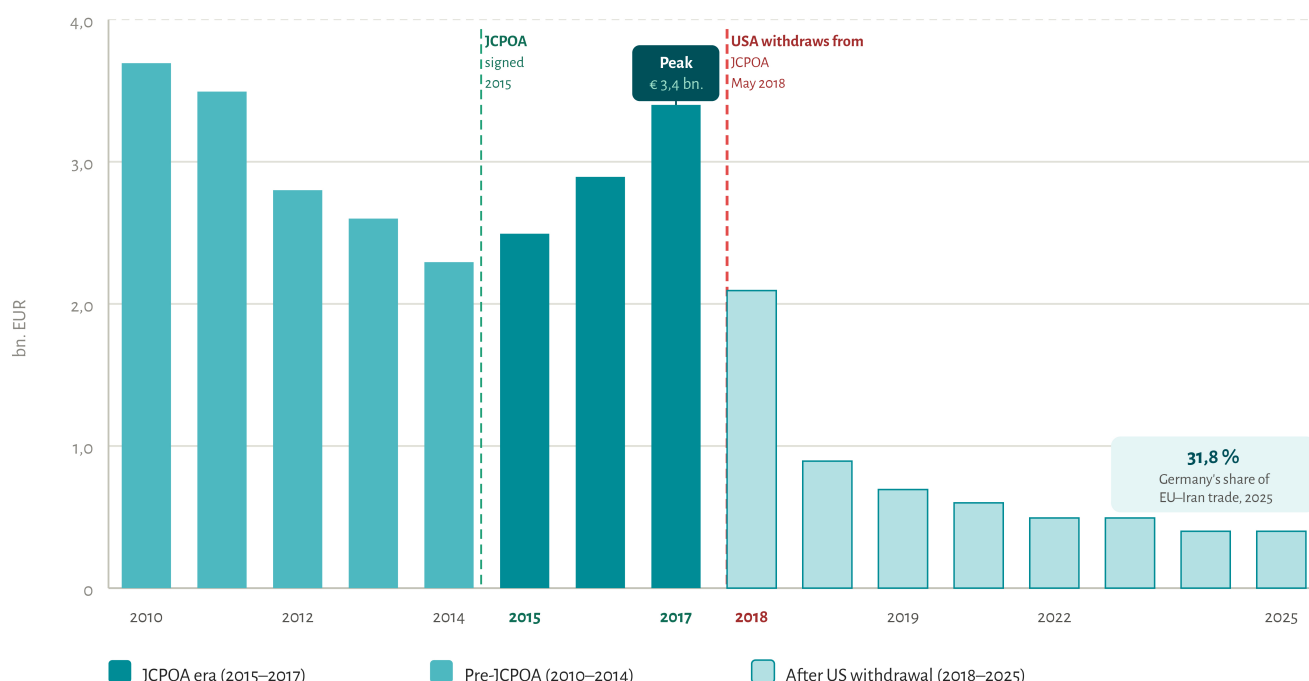
### Real Opportunities for Germany?

The potential opportunities of the agreement with Iran should not be denied. Lower tensions bring a relative return of stability to the markets. The resumption of oil flows through the Strait of Hormuz, which reached more than 12.5 million barrels in one night, according to a PBS report, reduces energy

#### BILATERAL TRADE · GERMANY – IRAN

##### Trade volume 2010–2025 (in bn. EUR)

Source: Federal Foreign Office / Destatis / Euronews, 2026





risk premiums. This matters directly for Germany's industrial and energy-intensive economy.

Iran's potential economic capacities are also significant: energy, infrastructure, industrial machinery, transportation, technology, pharmaceuticals, and health care. Germany has long been one of Iran's traditional trade partners. According to data from the German Federal Foreign Office, bilateral trade reached its peak in 2017 at €3.4 billion. Germany also remains Iran's largest trading partner in the European Union, with a 31.8 percent share in 2025 (Euronews 2026).

The pillars of this trade have traditionally been auto parts, machinery, and pharmaceutical products. Iran is also the largest automotive market in the Middle East. If sanctions are reduced, German companies, especially the "Mittelstand" or medium sized industries, could benefit from the opening. A relative stabilization of regional markets could also have a positive effect on Europe's energy security.

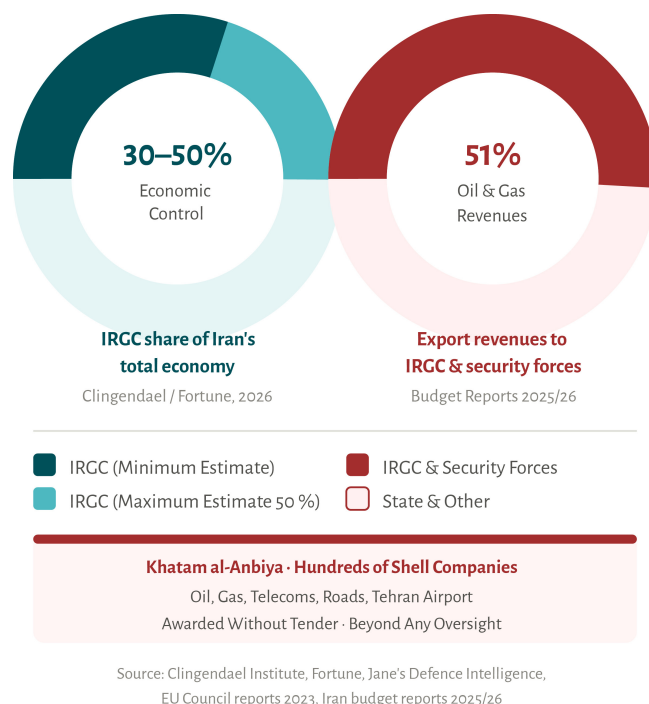
These opportunities are real. But as the following sections show, the fact that an opportunity is real does not mean that it is risk-free, or that the opportunity will necessarily materialize.

### Who Benefits from a Potential Economic Opening?

The fundamental question is not whether economic opening creates benefits. It is who receives those benefits. The structure of ownership in Iran's economy gives a troubling answer.

This point is important because Iran's problem has never been only isolation from the world economy. Even before the collapse of the JCPOA after the U.S. withdrawal in May 2018 and the reimposition of major sanctions, Iran had significant economic cooperation with Europe. It also maintained broad economic ties with China, Russia, and other non-Western partners. Yet the income generated by these openings did not meaningfully reach the Iranian people or rebuild the economy. Iran's poverty along with inflation increased, while large parts of the state's resources were directed toward regional instability, terrorism, proxy warfare, and even operations inside Europe.

The IRGC, according to various estimates, now controls between 30 to 50 percent of Iran's economy, and in some estimates more than half of it. It does so through the Khatam al-Anbiya Construction Headquarters and a wide network of foundations and affiliated companies. Khatam al-Anbiya operates through hundreds of front companies in oil, gas, dams, roads, telecommunications, and even Tehran's



international airport, according to reports by the Clingendael Institute, Fortune, and Jane's Defence Intelligence.

These contracts are often awarded without public tenders, in an opaque structure outside meaningful oversight. In 2023, the Council of the European Union described the IRGC Cooperative Foundation as an entity responsible for channeling money toward repression. According to budget reports, around 51 percent of oil and gas export revenues in 2025–2026 were allocated to the IRGC and security forces.

The result is that instead of strengthening the private sector or civil society, foreign investment largely flows into structures controlled by the regime and the security apparatus. Sanctions have not reversed this trend. According to Clingendael, the Islamic Republic used sanctions pressure under the banner of the "resistance economy" to consolidate the IRGC's dominance.

Therefore, the question of whether foreign investment can change the political behavior of the Islamic Republic must be coupled with a more serious question: does such investment not strengthen exactly the same actors that Europe fears?

### Could Europe Repeat the Mistakes of the JCPOA?

Europe's assumption after the JCPOA in 2015 is an example of an economic opportunity gone to waste: Between 2016 and 2018, major European companies rushed into Iran. Total signed an energy contract to develop Phase 11 of the South Pars gas

field. Siemens, Daimler, Peugeot, Volkswagen, and Renault entered the Iranian market with high hopes. But during this exact period, the Islamic Republic did not moderate its regional behavior, but expanded its proxy networks, its missile program, and domestic repression. European nations probably wanted to benefit from a first mover advantage, but the gap between Europe's expectation and the post-JCPOA reality was extremely deep.

### German National Security: The Factor That Should Not Be Ignored

For years, Iran has appeared in German security and intelligence assessments as a serious challenge. Annual reports by the Federal Office for the Protection of the Constitution, or BfV, and state-level reports, including the 2024 report by Bavaria's Office for the Protection of the Constitution, identify the Ministry of Intelligence, the IRGC Intelligence Organization, and the Quds Force as key actors in espionage and covert operations. These reports also state that Iranian intelligence services use the tools of state terrorism, including abduction and assassination.

The issues that concern Germany's security organizations are wide-ranging. In the field of influence networks, the Islamic Center of Hamburg, or IZH, was banned in July 2024 on charges of promoting Islamist ideology and supporting Hezbollah. In the cyber domain, the BfV has warned about the group known as "Charming Kitten," which targets Iranian dissidents and exiles in Germany. In the field of sanctions evasion, Germany's Federal Financial Supervisory Authority (BaFin) singled out Iran in March 2025 as the only high-risk country for money laundering and terrorist financing. The Financial Action Task Force (FATF) has also kept Iran on its blacklist since October 2024.

The most sensitive issue, however, is activity against opponents of the regime on European soil. A 2025 investigation by Die Welt showed that Iran's Ministry of Intelligence tries to turn dissidents in Germany into informants by threatening their relatives inside Iran. The National Council of Resistance of Iran recorded 97 similar cases in that year alone. In August 2025, Germany, together with France and other Western allies, issued a joint statement expressing concern over the rise of kidnapping and assassination plots by Iranian security services in Europe and North America. Earlier, in 2024, Germany closed all three Iranian consulates in response to the execution of Jamshid Sharmahd, a German-Iranian citizen.

This brings us to a fundamental contradiction: At the same time that economic relations may expand, Germany's security concerns are not only still present, but they are growing. The central question is this: can a state that continues to appear in

German security assessments as a challenge become a long-term strategic partner for the German economy?

### Long-Term Investment Risk

Even if we accept the short-term opportunities, the long-term risks of dealing with Iran in the current situation are significant. First, there is the possibility of sanctions returning. The experience of recent months showed that this risk is not theoretical. In August 2025, the three European countries, Germany, France, and the United Kingdom, triggered the "snapback" mechanism. On September 28, 2025, UN sanctions against Iran were restored. Second, there is the possibility of a change in U.S. policy after Trump. An agreement tied to one administration becomes vulnerable when that administration ends. Third, and as discussed earlier, there is the inherent fragility of agreements built around individual leaders.

The clearest lesson, however, is the experience of 2018. When the United States withdrew from the JCPOA, European companies left Iran within months. Total withdrew from Phase 11 of South Pars and stated clearly that it could not keep both the project and access to U.S. capital markets and the dollar. Siemens, Daimler, Peugeot, Maersk, OMV, Shell, and Eni followed the same path, according to the Levy Institute, the Atlantic Council, and Total's filings with the U.S. Securities and Exchange Commission.

Behind this calculation stood the \$8.9 billion fine imposed on BNP Paribas in 2014. That case taught every European bank the cost of violating dollar-based sanctions. The European Union's Blocking Statute also proved, in the words of the Atlantic Council, to be a "paper tiger." Any investment in Iran today carries the risk of repeating the same scenario.

### Conclusion and Policy Recommendation

Germany faces two realities at the same time. The first is real and significant economic opportunity. The second is persistent security and geopolitical risk. The common policy mistake is to deny one reality in favor of the other: either becoming so fascinated by opportunity that the danger is ignored, or so absorbed by danger that the opportunity is lost. Successful policy begins when both realities are seen at the same time and managed within a single framework. This does not mean rejecting engagement altogether. It means conditional, informed engagement based on continuous risk assessment.

A ceasefire does not necessarily mean durable peace. The economic opportunities that exist should not cause Germany to ignore the security risks. Germany is right to support any





reduction in tensions, because de-escalation itself serves European interests: energy stability, lower migration pressure, and a reduced risk of regional war. But Germany should not confuse de-escalation with a change in the nature of the Islamic Republic.

## Recommendations

1. **Support for de-escalation should be separated from premature normalization.** Supporting a ceasefire and reducing the risk of war serves European interests. But granting state-backed investment guarantees, such as Hermes coverage, before verifiable changes in behavior would increase the financial risk for European taxpayers.
2. **Europe should preserve its existing leverage.** The architecture of sanctions reversibility, including the snapback mechanism, and the designation of the IRGC as a terrorist organization in the European Union are pressure tools. They should not be given away before Europe receives structural and substantial concessions in return.
3. **Economic opening should be tied to verifiable change, not to a signature.** The lesson of the JCPOA is that an agreement on paper does not endure if there is no revision in the underlying logic of the conflict.
4. **Due diligence over commercial partners must be strict.** Given the dominance of the IRGC and foundations over Iran's economy, every transaction should include an assessment of possible ties to the Islamic Republic's security apparatus. European capital should not strengthen the machinery of repression.
5. **Transnational repression should be treated as a matter of European sovereignty.** Threats and espionage against the Iranian diaspora on German soil are attacks on European values and German sovereignty. They should be answered at that level.
6. **Energy diversification should continue independently of Iran.** Europe's energy security should not become hostage to the condition of the Strait of Hormuz or to Tehran's goodwill.

## Sources and References:

- House of Commons Library, Israel/US–Iran Conflict 2026: Background and UK Response (CBP-10521), June 2026. <https://commonslibrary.parliament.uk/research-briefings/cbp-10521>
- Encyclopædia Britannica, “2026 Iran War” and “12-Day War.” <https://www.britannica.com/event/2026-Iran-war>, <https://www.britannica.com/event/12-Day-War>
- PBS News and CNN, field reports on the ceasefire and the situation in the Strait of Hormuz, June 2026. <https://www.pbs.org/newshour/world/israel-and-hezbollah-renew-ceasefire-after-u-s-and-iran-call-off-talks-over-fighting-in-lebanon>
- Al Jazeera, “Israel Pushes for War Amid US Ceasefire,” May 2026. <https://www.aljazeera.com/news/2026/5/21/israel-pushes-for-war-amid-us-ceasefire-but-its-options-may-be-limited>
- Auswärtiges Amt, Federal Foreign Office of Germany, Germany and the Islamic Republic of Iran: Bilateral Relations. <https://www.auswaertiges-amt.de/en/aussenpolitik/iran/218250>
- Euronews, “EU-Iran Trade: Which Countries Do the Most Business with Tehran,” March 2026; and Destatis/ IndexBox data, 2025. <https://www.euronews.com/business/2026/03/22/europes-trade-with-iran-which-countries-do-the-most-business-with-tehran>
- Verfassungsschutzbericht Bayern 2024; and BfV reports on Iranian intelligence activities, as cited by InfoMigrants, Reuters, and The Jerusalem Post.
- Die Welt, investigation into pressure by Iran's Ministry of Intelligence on dissidents in Germany, 2025. <https://www.iranintl.com/en/202512108632>
- The Record / Recorded Future News, BfV warning on Charming Kitten. <https://therecord.media/charming-kitten-iran-targets-dissidents-in-germany>
- Fortune, the Clingendael Institute, Janes, and CISES, on the economic role of the IRGC and Khatam al-Anbiya. <https://fortune.com/2026/03/02/iran-islamic-revolutionary-guard-irgc-business-empire-economy-us-israel-bombing/>
- Lowy Institute, Atlantic Council, and Total's filings with the U.S. Securities and Exchange Commission, on the withdrawal of European companies from Iran after 2018. <https://www.lowyinstitute.org/the-interpretor/european-companies-driven-out-iran>
- Wikipedia, “International Sanctions Against Iran,” on the snapback mechanism, the FATF blacklist, and BaFin's Iran warning. [https://en.wikipedia.org/wiki/International\\_sanctions\\_against\\_Iran](https://en.wikipedia.org/wiki/International_sanctions_against_Iran)
- Theoretical framework: I. William Zartman, on “ripeness” and “mutually hurting stalemate”; Johan Galtung, on the distinction between “negative peace” and “positive peace.”



# Eskalierende **Krise** im Iran

Deutsche  
Interessen im  
Schatten der  
Eskalation



[www.irandiskurs.de](http://www.irandiskurs.de)





