

## **Written evidence submitted by Dr Christian Emery (University of Plymouth) (UKI0003)**

### **Relevant Experience**

Lecturer in International Relations and author of numerous publications on Iranian affairs. My research on US-Iranian relations and the international relations of the Persian Gulf is internationally recognized. I have significant media experience (BBC News, Al Jazeera, Guardian, etc).

I obtained my PhD from the University of Birmingham in 2010 and taught at LSE, Warwick, Nottingham, and now Plymouth.

Policy experience: Last year I was invited to provide a briefing on Iran sanctions to Canada's Associate Deputy Minister for Foreign Affairs. I have done similar briefings in London and one in Ottawa. I recently visited the Foreign Office at the invitation of their principal Iranian analyst.

I offered informal advice to the Foreign Affairs Committee specialists in preparation for this inquiry.

### **Summary of Evidence**

The Trump administration's decision to withdraw from the JCPOA and punish all those who do not share their goal of destroying the Iranian economy, without any consideration of how Iran might retaliate, has been a catastrophic mistake. The UK now risks being dragged into a dangerous cycle of escalation and deterrence against an adversary with myriad asymmetric capabilities. Washington seeks our backing for its hard-line approach whilst our European allies expect the UK to bolster their efforts to offset US economic pressure. Underneath this tension looms the challenge of maintaining the UK's traditional role as a bridge between the US and Europe in a post-Brexit era. The UK must determine its ultimate objectives in the region and then re-calibrate its Iran policy accordingly.

### **Contents of this evidence**

1. UK, Iran, and the Persian Gulf Crisis: where we are now
2. How likely is a diplomatic breakthrough?
3. UK Priority One: Work with Europe to keep the JCPOA on life-support
4. UK Priority Two: Towards de-escalation in the Persian Gulf
5. Long term trends that can re-cast UK-Iranian relations
6. Conclusion: what kind of policy in Iran do we want and what are the trade-offs?

### **1. Key points**

1. It is extremely unlikely that the current US strategy will wring concessions from Iran. Tehran views the US policy of maximum pressure through the prism of regime change and its own regional policies and strategic position in the Straits of Hormuz as the only leverage it possesses to deter the complete destruction of its national economy.
2. US policy sanctions have succeeded in removing about 3mbd of Iranian oil off the market for the foreseeable future. In one attack on Saudi oil facilities in Abqaiq, Iran (allegedly) removed some 5mbd of Saudi oil off the market for at least a period of weeks. Iran has worked out Trump's threshold for military action and is carefully operating just beneath it.
3. Iran has zero interest in disrupting tanker routes when its own oil and gas must travel through the Straits of Hormuz. Re-instating waivers that were initially issued to Iran's largest oil customers would be a very quick way to de-escalate the crisis. That looks unlikely at

present but it offers Trump a relatively low-key way out if he wants tensions to subside in the run up to 2020.

4. The UK should leverage the UK-US relationship, its position within the EU3, and its historic relations with states in the region with a track-record in mediation, to help establish the political space for diplomacy. It's very difficult to escape the logical conclusion that any path to de-escalation involves trading short-term economic relief for the cessation of recent Iranian counter-measures.
5. Trump has made a costly mistake but it is not the underlying reason why Iran is pursuing various nefarious activities across the region. Nor will simply rebuilding the JCPOA address legitimate concerns outside the nuclear issue that have prevented positive relations between the UK-Iran since 1979. But there can be no hope for any improvement in UK-Iran relations until the JCPOA (or a renamed version of it) is revived.
6. The Iran deal is backed by states that amount to over 35% of the world's economic output and 3 of the 5 permanent seats on the UNSC. Yet all have been completely powerless to protect Iran from the wrath of US secondary sanctions. And until someone possess a currency that can challenge the dollar, and with that a financial system outside US jurisdiction, cries of the end of American economic hegemony are premature.
7. The Europeans are starting to take US secondary sanctions seriously as a strategic threat. It's unclear if INSTEX and other sanctions-busting mechanisms will emerge as viable, or if the EU will take serious steps to bolster the global role of the Euro. Nevertheless, the extent to which the UK wants to cooperate with European attempts to build resilience against US sanctions, thus ensuring a genuinely independent EU foreign policy, will be a major decision for UK foreign policy and is greatly complicated by Brexit.
8. The UK's goal must be to support a framework that tackles the fundamental sources of insecurity in the region. But this will need buy in from a different US administration. The process would build from a revived JCPOA and then move to achievable regional initiatives such as the establishment of an incidents at sea agreement and a meaningful ceasefire in Yemen.
9. The UK exported approx. £11 billion (almost 80% of all exports) to the Gulf States in 2018. The UK does more trade with the GCC than India or China. The UK government has already signalled its eagerness to sign a free-trade with the GCC. Gulf money is seen as a critical source of finance for an ambitious infrastructure building strategy. This is a major structural force acting against better relations with Iran.
10. For the first time in decades, UK domestic politics can seriously affect UK-Iranian relations. Given Corbyn's views on arms sales, economics, and foreign policy generally, the result of the next UK General Election could radically alter UK relations in the Middle East. Brexit and the result of the 2020 US election will also have a major impact on UK policy in Iran.

## **2. Where we are now**

Trump was advised that crushing the Iranian economy would force the regime to accept major restrictions on its nuclear programme and moderate its regional behaviour, or cause the entire system to collapse. Escalating tensions in the Persian Gulf, attacks on oil infrastructure, and

increasing Iranian stockpiles of enriched uranium are unequivocal evidence that the Trump administration's 'maximum pressure' policy has not and cannot succeed on its own terms.

When Trump first announced his decision to withdraw from the JCPOA, in May 2018, Tehran decided not to follow suit for three reasons. Firstly, the Europeans were horrified by Trump's vandalism and Iran saw an opportunity to drive a wedge between two powers with a long history of cooperating against it. Secondly, the US allowed Iran's biggest oil customers to gradually reduce, rather than eliminate, their purchases of Iranian oil. Trump allowed this because he wanted lower gasoline prices for American consumers but oil prices were still significantly higher than when Iran signed the deal in 2015. Thirdly, Iran expected the Europeans to provide economic relief from US sanctions.

Then, in May 2019, Trump shocked markets by announcing that his administration was seeking to eliminate Iran's oil and gas exports to zero. As soon as the full force of US sanctions came into force, China, Japan, India, Turkey, and South Korea all reluctantly slashed purchases. In June, Iran exported not much more than 10% of the oil it was exporting in October. The IMF now forecasts that Iran's economy will shrink by 6% in 2019, with inflation topping 40%. Iran's situation became desperate.

Iran responded with a two-track strategy. The first track ramps up pressure on the Europeans, by creating deadlines for them to increase their economic support that if not met trigger violations of the nuclear deal. The aim being to trade these easily-reversed transgressions back for concessions so if/when a deal is done so Iran will not give back more than it originally conceded. What they most want from the Europeans are mechanisms to circumvent the dollar as payment for crude oil and EU protection for European corporations who want to trade with Iran.

The second track is to harass shipping in the Straits of Hormuz. Tehran wants the world to know that if Washington continues to prevent Iran from exporting its own oil and gas, it will not be the only one to suffer. Its strategy is based on a calculation that Trump will not risk a major military conflict. Therefore, if Iranian forces continue to attack shipping, and Trump doesn't retaliate, American deterrence will be exposed as a paper tiger. On the other hand, if he does launch limited military strikes, Trump will face a furious backlash abroad and seriously damage his re-election chances. Iranian leaders would likely benefit from a nationalist surge that would help them weather the political fallout from a protracted economic crisis.

If we are to assume that Iran was directly or indirectly responsible for the attacks against Saudi Arabia's Abqaiq oil facility on September 14, that is a potential tipping point in regional relations and Gulf energy security. It shows that Iran's asymmetric military capabilities are not limited to disturbing freedom of navigation the Straits of Hormuz. **The attacks took out 50% of Saudi oil production (5% of global output) and led to a 15% surge in oil prices, the steepest rise in over 30 years.**

#### UK vulnerabilities in the Gulf

The UK's strategic interests in de-escalating the crisis are profound and outweigh that of its European partners. This is due to the UK's reliance on Gulf petrodollars for investment; its status as a global player in the maritime and shipping economy; the presence of 300,000 UK citizens in the UAE alone; its historic (but admittedly declining) reliance on Qatari Liquid Natural Gas (LNG); and the extent to which a protracted threat to freedom of navigation exposes the UK's inability to hold down an escort mission for any real length of time.

### **3. How likely is a diplomatic breakthrough?**

Trump is reportedly unhappy at the results of his Iran policy and his sacking of John Bolton, his hawkish National Security Advisor, certainly removes one major obstacle to a diplomatic solution. Trump has shown his ability to breathlessly pivot from extreme hostility to charm offensive. His broadly transactional approach to diplomacy means that he can drop demands, offer major concessions seemingly on a whim, and downplay recalcitrant behaviour in return for perceived gains or just self-aggrandisement. Trump has few 'wins' in the domestic arena and may be looking for a foreign policy legacy to bring into 2020; at the very least he has a strong electoral incentive to avoid conflict.

Trump therefore probably wants a deal and likely wants some repeat of his highly-personalised North Korean charm offensive. But there are a number of reasons why that is highly unlikely to succeed.

- 1) Unlike in Kim Jong-un's North Korea, there is a fractious domestic political process in Iran that its leaders must navigate.
- 2) There's probably no country in the world less willing to massage Trump's ego, which leaders such as Putin and Kim Jong-un quickly learnt is the easiest way to win concessions.
- 3) The Iranians are very aware that Trump hasn't actually succeeded in any of his previous negotiations and they don't trust him to keep to any deal.
- 4) The JCPOA was an extremely complex legal and technical agreement – it's highly unlikely that Trump has the discipline, work-ethic, knowledge, or diplomatic skill to even set the broad parameters of a new deal let alone shepherd it through to completion. Particularly one that is expanded to even more complex and entrenched regional issues.
- 5) The Iranians think they would need to trade far fewer concessions with a Democrat president. They are probably going to try and wait Trump out whilst continuing to press the Europeans to provide them just enough economic relief to avoid major domestic unrest.

Iran's leaders see a 12 month window of opportunity before the US election where Trump is not going to countenance a US military response short of a direct attack on US assets. Under these circumstances, Saudi Arabia, already bogged down in a costly war in Yemen, is equally unwilling to confront Iran. That gives Iran enormous scope to continue its two-track strategy of nuclear blackmail, and asymmetric war in the region.

In these circumstances, any reasonable analysis of UK strategic interests, domestic political mood, and military capabilities leads to policy of de-escalation.

### **4. UK Priority One: Work with Europe to keep the JCPOA on life-support.**

Iran is unlikely to reverse its existing transgressions of the nuclear deal and likely to exponentially increase them every 60 days. The deal will buckle but, at least from the European perspective, only be seen to break once Iran crosses the so called 'break out' threshold – in other words, when the IAEA determines that the time required to produce enough weapons-grade uranium (WGU) for one nuclear weapon is under one year.

- There is a reasonable chance Iran will stop short of crossing the one year threshold whilst the Europeans are still pursuing ways to save the JCPOA and given the possibility of a new administration in Washington.

- The UK can use its technical and legal expertise to establish and then communicate what potential Iranian violations would threaten this redline.
- At the UN General Assembly, European leaders must make another unified push to ease tensions, warning both sides that the cycle of escalation is close to spiralling out of control. This may also help to galvanise more Congressional opposition to further conflict with Iran.
- The UK should be willing to support the French initiative to extend a line of credit to Iran to keep its economy going and allow space for diplomacy.
- UK diplomats, not least Baroness Ashton, were instrumental in drawing up and successfully negotiating the JCPOA. They know where there is potential for more dialogue and where there is not. Trump may only need the smallest of symbolic ‘wins’ to roll back on the maximum pressure policy – perhaps a cosmetic change in sunset clauses, inspection regimes, stockpiling. As stated, the prospects for a Trump-led renegotiated settlement are tiny, so UK efforts may be better served in trying to improve the conditions for US re-entry into the JCPOA.

## **5. Priority Two: Towards regional de-escalation**

- The UK can draw on its traditional role as mediator between Europe and the UK to encourage the Trump administration to consider the merits of de-escalation. And that this could be done at relatively low political cost to Trump personally – either by not applying new sanctions to companies using the INSTEX financial mechanism or by discreetly signalling that some purchases of Iranian oil by China would draw only rhetorical condemnation.
- Now that the US can see the risks of further escalation, the EU3 should disavow the Trump administration of any notion that they alone can be counted on to keep Iran in compliance with the nuclear deal and therefore avoid any US input in the run up to the US election. At the same time, they should send a clear message to the Iranians that they cannot provide economic relief against a US administration determined to prevent it. The Europeans can play a vital mediatory role here and at the heart of it should be the message that further escalation makes their task of securing tacit US support for things like credit lines impossible.
- The UK must use all its leverage with the Saudis to urge them to open up negotiations with Iran and end the war in Yemen. The Kingdom’s credibility (politically, morally, and militarily) has already been severely damaged by a disastrous war in Yemen. Now Washington has made it reasonably clear Riyadh must respond to any Iranian attacks on its territory alone, the Saudis are in an impossible dilemma: either risk existential disaster by attacking Iran or publicly acknowledge that colossal defence spending and an assertive foreign policy has not changed the Kingdom’s fundamental weakness.
- The UK could leverage its historic links to regional actors who have both an interest and established track record in regional mediation efforts (particularly Oman, Kuwait, and the UAE). Given that the nuclear issue and regional conflict have increasingly become entwined, it is unlikely that just restoring the narrow focus of the JCPOA will address the fundamental sources of insecurity in the region.

## 6. Longer term trends that could re-cast UK-Iranian relations

- a) The 2020 US election – should a Democratic administration emerge in 2020 it will in all likelihood seek to revive the Iranian nuclear deal. Though this will not be an easy task, the reinstatement of waivers on oil sanctions will go a long way to quickly stabilizing the region by removing Iran's motivation to disrupt or attack oil shipping or infrastructure. This will create more political space for negotiations. If Trump is re-elected, all bets are off. It's easily possible that Trump could win in 2020 and renew his confrontation with Iran with far less restraint.
- b) A change of UK government – a Corbyn-led government could plausibly change UK policy towards the Gulf States and make a clearer break with the United States on issues relating to the Middle East. Given that the transatlantic alliance and UK security cooperation/arms sales to GCC states are two major structural drivers of UK-Iranian relations, the consequences of changes to either are profound.
- c) Brexit. In what form Brexit will become manifest, or whether it will transpire at all, remains unknowable at the time of writing. However, the UK's withdrawal from the EU would represent the biggest systemic change for British foreign policy since the end of WW2. It will inevitably pose both challenges and opportunities for UK-Iranian relations. Inevitably, it will create a strategic EU–Iran engagement that is separate from, but parallel to, high-level UK–Iran diplomacy. It is also far from clear how Brexit will impact on some of the financial mechanisms that are currently being developed to protect the Iranian economy from US sanctions.

### **Conclusion: What kind of Iran policy do we want?**

More broadly, I think it's fairly easy to point to the many problems in UK-Iranian relations (and my evidence has not touched upon many of them, not least the detention of British nationals). But we can't really think about the possibility of a different relationship in isolation. The inquiry will need to think about how future trends in both British foreign policy and the politics of the Middle East will shape UK interests and policy options. This involves 1) identifying all of the proximate and structural sources of UK policy in Iran 2) anticipating if/how they are might change 3) drawing this together to establish a set of aims for UK policy tied to their benefits and practical steps to achieving them. So do we want a more ethical foreign policy that limits arms sales? Or do we want a trade-orientated policy (and if so where are most commercial opportunities)? Or do we want to prioritise regional security and our key alliances? Then, depending on what we want, what are the possibilities for change? For example, our close economic relations with the Saudis and UAE are a structural factor playing against better relations with Iran. Are we willing to sacrifice this for better relations with Iran? Will this be easier if Corbyn comes to power and makes sweeping changes to our arms policy? Or will a Johnson government much more aligned to Washington and keen to pursue British commercial interests take a different path? Both scenarios are fairly plausible but could pull the UK in opposite directions vis a vis Iran policy. The apriori condition for any reassessment of UK policy is ending the current cycle of escalation. I have shown, there are many ways the UK can contribute to this effort.

*September 2019*

