

Foreign Affairs Committee

Oral evidence: The FCDO's approach to state level hostage situations, HC 166

Tuesday 24 May 2022 Panel one

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Members present: Tom Tugendhat (Chair); Chris Bryant; Liam Byrne; Neil Coyle; Stewart Malcolm McDonald; Bob Seely; Royston Smith; Graham Stringer.

Questions 53 - 135

Witnesses

The Rt Hon. the Lord Hammond of Runnymede.

Examination of witness

Witness: Lord Hammond of Runnymede.

Q53 Chris Bryant (in the Chair): Welcome to the Foreign Affairs Select Committee and our oral evidence session in public on the Foreign, Commonwealth and Development Office's approach to state level hostage situations. We are making our way through former Foreign Secretaries. There is a little way to go yet. It is great to have you with us, Lord Hammond. Thank you very much for coming. I think that you have had an opportunity to look at your old papers as Foreign Secretary.

Lord Hammond of Runnymede: For the record, I have now had a chance to look at my papers as Chancellor, which I suspect might be more relevant to some of questions that I know that the Committee wants to look at.

Q54 Chris Bryant (in the Chair): That is very helpful. Thanks for that. Apropos of completely not this subject, I wonder whether you have any thoughts about Afghanistan and the report we produced this morning.

Lord Hammond of Runnymede: It is a very interesting report. I have not had a chance to study it in any detail. In my view, the withdrawal of the western alliance from Afghanistan was a disaster for the country and a disaster for the credibility of the alliance, but the British Government were not responsible for that decision. The question was how we managed a bad situation, which we knew was coming down the line. I very much look forward to reading the report in more detail.



Chris Bryant (in the Chair): Our conclusion, in short, was “not well”.

Q55 **Bob Seely:** Lord Hammond, thank you for being here. How did the approach to addressing special consular cases evolve while you were Foreign Secretary? What priority in general should the Government be giving to such consular cases, considering their complexity and the difficulty in solving them?

Lord Hammond of Runnymede: The special challenges in the Iran case were twofold. First, Iran does not recognise dual nationality, so we are constantly asserting a consular interest, but that interest is not acknowledged by the host country. The Iranians start every discussion by telling us, “This is nothing to do with you. This is an Iranian national and we do not accept you have any jurisdiction”. That is the first challenge. That occurs in a number of countries that do not recognise dual nationality.

The second particular challenge in relation to Iran is the complexity of the Government. The Government are not a single, united entity, as they are here. It is much more complex than that. We know that, in the case of Nazanin Zaghari-Ratcliffe, the initiative for her arrest came from the IRGC, not other, more, shall we say, engageable elements of the Government. We often found ourselves talking, in the case of Iran, to the Ministry of Foreign Affairs, with whom, at that time, we had cordial and pragmatic working relations. We knew that the fate of the detainees was likely to be determined not by the regular Government but by the IRGC.

In 2016, shortly after Nazanin was arrested, we were formally notified by the Iranian Government that in future all cases relating to dual nationals would be handled by the Ministry of Internal Security, rather than the Ministry of Foreign Affairs. That was very bad news for us, because we had reasonably good relations with the Ministry of Foreign Affairs and no relations at all with the Ministry of Internal Security.

Q56 **Bob Seely:** To follow up that, why the IRGC? Is it naïve of me to suggest that there are ideological and non-ideological parts of the Iranian state, or do they all share a common ideology but some are more motivated and driven by that very anti-western ideology than some other parts of that state?

Lord Hammond of Runnymede: You are asking me to speculate, but I speculate with the benefit of having quite a lot of engagement with Iran. At this time, when Nazanin was arrested, we had just, nine months earlier, completed the JCPOA process, which involved spending many nights and days locked away in hotels in Lausanne and Vienna with the Iranian delegation. I can speculate and answer.

There is a difference between a moderate Government—and, in the context of Iranian politics, the Rouhani Government were a moderate Government—and the hardliners in the IRGC. It is tempting for westerners to overstate that distinction. We should not do that. The



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Iranians also play a good cop/bad cop game, knowing that we know that there are two parts to the state. When he needed to, the Iranian Foreign Minister could always say to me, "I would love to help, but you realise that I am not in control of this situation". That situation happened on more than one occasion.

Q57 Bob Seely: When it comes to our moral duty to dual passport holders, there is a simple answer here, which is that we insist or very strongly recommend that any British-Iranian dual nationals, when they are travelling to Iran, formally give up their Iranian citizenship in good time. If one did that, would the Iranians still turn around and say, "They were, so they still are, so tough", or would that count towards the Foreign Office's ability to act on their behalf if they get into trouble as a politically motivated state hostage?

Lord Hammond of Runnymede: At a political level, the Iranians would still make the case that this is not simply a British citizen; it is more complex than that. In formal terms, they would have to acknowledge the international conventions regarding consular access in that case, that we had rights on consular access.

There is perhaps one other thing I can say. I know this inquiry is not exclusively focused on Nazanin Zaghari-Ratcliffe, but that is the focal point. When Nazanin was arrested, we had, I think, three live dual national consular cases going at that time.

Chris Bryant (in the Chair): That is with Iran.

Lord Hammond of Runnymede: Yes, with Iran. Of course we had many others, but these were with Iran. Looking back through the papers, in January 2016 I had issued an instruction that we should use all available means to advance those dual national consular cases, some of which were longstanding. The mood at the top of the Foreign Office was that we had actually achieved something in negotiating the JCPOA with Iran. There was an opportunity to try to reset relations in the wake of Iran giving up the ambition of a nuclear weapon.

There were quite a substantial number of issues outstanding between Britain and Iran, of which the consular cases was one of the most important. There were a number of issues relating to money, and I am sure we will come on to that, not only the IMS debt. The British Government had a claim against the Iranian Government for damage caused to the British Embassy when it was sacked in 2010, I think. The Iranian Government had a rather bizarre open claim against us for allowing some protected trees to die in a British Embassy compound in northern Tehran, for which they were claiming some hundreds of millions of pounds in compensation. There were a number of open issues.

In early 2016, there was an attempt from the Foreign Office to try to craft a grand bargain sort of approach that would deal with all the



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outstanding issues and try to exploit a mood of perhaps renewed engagement post the JCPOA coming into force in January 2016.

Q58 Bob Seely: More generally, when it comes to state hostage-taking, was there anything that you noticed in your time in the Cabinet, either as Chancellor or as Foreign Secretary, about the timing of the Iranian state hostage-taking? Was there a dynamic related to an internal dynamic—that the IRGC was unhappy with the JCPOA and maybe wanted to mess it up? Were there people who wanted to damage the relationship with the UK for internal reasons? Was this a united front by the Iranians for clearer and more transparent state objectives, for example, if that makes sense?

Lord Hammond of Runnymede: The question is a very good one and very perceptive. Reading through the notes last week, Javad Zarif actually said to me at one stage, “Once the election season is over”—in Iran—“we will see what we can do to help with the humanitarian case for release”. The easiest way to deal with the Iranian system was to not challenge the judicial decisions. That would have been very difficult for any of them to engage with.

The Foreign Office’s preferred route was to make a humanitarian case for release of people detained. Perhaps for the record, because I was reading the transcripts of evidence that some others have given and I did not think that it came across quite clearly enough, you must ask Foreign Office officials, but my understanding is that the Foreign Office’s consular approach does not distinguish between guilt and innocence. It does not seek to look at an individual and say, “Is this person guilty or not?”

The questions it looks at are how we get this person a fair trial, access to a lawyer, decent conditions in prison and whether there are visits from relatives. If there are grounds, how do we make a humanitarian case for clemency or leniency? It is agnostic on the question of guilt and innocence. That might have got lost in some of the evidence that I have seen.

I will make one further point. I also had advice during this period that we had reason to believe that the IRGC may have used their control of detainees and their ability to block any progress on some of these issues as a tool to prevent compromise that they did not approve of. Exactly as you suggested, the more pragmatic, shall we call them, secular parts of the Government may have been looking for ways to resolve some of these problems. The IRGC was always able to turn up the dial. One of the occasions when Nazanin was taken back to court and had her sentence increased or a further conviction was clearly linked to a suggestion that the IRGC was looking to sabotage any sense of an improving relationship between the UK and Iran.

Q59 Chris Bryant (in the Chair): Can I take you back a question? How does the Foreign Office or the Foreign Secretary decide what counts as a special consular case?



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Lord Hammond of Runnymede: I am not familiar with the term in a technical sense. I assume it relates to dual nationals, but I am not sure about that.

Q60 **Chris Bryant (in the Chair):** How does a case end up coming on to your desk, as it were, as Foreign Secretary? There are thousands of consular cases in Malaga or Crete or wherever that you would never see.

Lord Hammond of Runnymede: I am speculating, but I talked to the head of the consular service in the Foreign Office last week, as part of my preparation. I would guess that it is where the person in question is held in a country where we have doubts about the transparency or neutrality of the judicial system, or in a situation where conditions of detention are known to be unsatisfactory, or where there is a particular circumstance. As Foreign Secretary, I was aware of consular cases in countries that were friendly countries, but where there was a particular circumstance that required us to seek a special outcome, perhaps in the United States, for example.

Chris Bryant (in the Chair): There have been various cases in Cyprus.

Q61 **Stewart Malcolm McDonald:** Thank you, Lord Hammond, for coming today. You mentioned three cases in Iran. Can I ask how many UK citizens were being detained there when you came into office in 2016?

Lord Hammond of Runnymede: I do not have that number, I am afraid. My recollection is that there were somewhere between three and five. I do not think that there were ever more than five.

There is another nuance here and I cannot answer my own question. I am not sure whether these numbers relate only to the consular cases that we were pursuing, or whether they include all British dual nationals who were detained in Iran. During this period, there were always some dual nationals who explicitly had asked the British Government not to become involved in their cases. They felt that it would be damaging and that they could resolve their issues through their families and connections in Tehran. I am genuinely not clear whether this is the entire universe, or just the ones we were actively engaged with.

Q62 **Stewart Malcolm McDonald:** Presumably, based on that answer, you would be unable to say how many were there by the point at which you left office.

Lord Hammond of Runnymede: I think that the answer then is four, because there were three at the time Nazanin was taken. She was taken only three months before I left office and I am not aware that there was anyone else. For clarity, I assume the Committee knows this, while I have had access to my papers—I learned this only on Friday—it is not possible for an ex-Minister to access papers that are classified as top secret or STRAP. As you can imagine, in relation to Iran, a significant amount of the material would be highly classified. I do not have access to some of the information that I might have had access to at the time.



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Q63 **Stewart Malcolm McDonald:** That is fair enough. Can I go to countries other than Iran? How many cases of British citizens were you aware of being detained arbitrarily elsewhere?

Lord Hammond of Runnymede: The term “arbitrarily” is not a phrase the Foreign Office would have used, because the consular service is quite focused on maintaining a neutrality around how they deal with cases. The cases we dealt with would include cases where people had been convicted and there was no reason to doubt the guilt of a person, let us say, on a drugs charge in the Far East, but where the sentence might have been death and the UK would automatically intervene in order to seek a commutation of that sentence.

It is not, again, a question of arbitrariness of the detention. It is a question of whether there is an appropriate ground for the UK to intervene, which would be about the conditions of detention, the fairness of the trial or the punishment. Those would be principal factors.

Q64 **Chris Bryant (in the Chair):** There is the vulnerability of the person, so a British national, for instance, caught in Laos who was pregnant.

Lord Hammond of Runnymede: Yes.

Q65 **Stewart Malcolm McDonald:** How many cases like that would you have been aware of outside of Iran?

Lord Hammond of Runnymede: I do not have a number. If you asked me to make a guess, how many live cases there were that would come periodically across the Foreign Secretary’s desk, it was perhaps 20, something of that order. There were cases in Iran. The Foroughi case, in particular, which was one that I remembered without having to consult my notes, and the case of Andargachew Tsege in Ethiopia were, as I recall it, the major cases during my time.

Q66 **Stewart Malcolm McDonald:** That is over the course of your three years or so.

Lord Hammond of Runnymede: It was two years as Foreign Secretary.

Q67 **Stewart Malcolm McDonald:** That is over the course. It is not at any one point, just to be clear.

Lord Hammond of Runnymede: No, it is over the period of time.

Q68 **Stewart Malcolm McDonald:** In terms of those numbers, did you ever report them to Parliament? Perhaps you could talk about the sensitivities of what you can, cannot, should or should not share with Parliament or others publicly in some of these cases. How do you determine what you should share?

Lord Hammond of Runnymede: I do not remember ever being asked for a global number. The case of Andargachew Tsege, who I think was Jeremy Corbyn’s constituent, got raised rather regularly in questions. After Nazanin’s arrest, of course she was a subject of regular and deep



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parliamentary interest. Other cases came up occasionally, but I do not think that there was a large amount of parliamentary interest, frankly.

Q69 **Stewart Malcolm McDonald:** In thinking about how you prepared to answer these questions so openly in the public, what are the nuances that you are taking into consideration?

Lord Hammond of Runnymede: Where the family has expressed a desire that the Government do not get involved, we would not get involved. That decision would probably be managed at senior official level, so the Secretary of State probably would not even be aware of such a case.

In relation to other cases, the Ministerial Code is clear and I ascribe some value to the Ministerial Code.

Stewart Malcolm McDonald: That is old fashioned of you.

Lord Hammond of Runnymede: I am an old-fashioned person. Ministers should be open and honest with Parliament. The only case where there would be a ground for not being open and honest would be where there was genuine and immediate risk to the individual concerned and there was advice from consular officials to not disclose information that might have put the individual at risk or jeopardised the individual's case.

Q70 **Chris Bryant (in the Chair):** Sorry to be a pain, but I want to go back to these special consular cases. As I understand, that is a category within the Foreign Office and it was in your time.

Lord Hammond of Runnymede: I honestly cannot recall the term. Let me answer it this way. I would be very surprised if any case that was not a special consular case would have come to the Secretary of State or a Minister of State. I cannot answer how officials defined a special consular case, I am afraid.

Q71 **Chris Bryant (in the Chair):** I think that there is and was a category of special consular cases. Getting into that list of special consular cases is a key part of the FCDO being able to go, "We are seizing hold of this. We are going to do something. We are going to explore every avenue", all that kind of stuff. The anxiety might be, as I understand from the MacGregor review, that sometimes cases do not get into that list fast enough and that can be harmful to the eventual outcome. Would you recognise that?

Lord Hammond of Runnymede: As I have said, I do not recall the term "special consular case". When I read through the papers in the Foreign Office on Friday, which was quite a volume of papers, I did not read every single word, but I went through them fairly thoroughly over a couple of hours. I do not recall seeing the term "special consular case". I do not recall seeing it as a term that was used.



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Q72 **Chris Bryant (in the Chair):** I think that they are called special or complex consular cases.

Lord Hammond of Runnymede: "Complex" would embrace, I guess, any dual national case.

Q73 **Chris Bryant (in the Chair):** Yes. Distinguishing between lads getting arrested in Corfu or whatever and a case such as this must be an important part of what the consular division must do.

Lord Hammond of Runnymede: I am sure it is, but as far as the Foreign Secretary or Minister of State were concerned, it would be very unlikely that they would ever be aware of a case that was not special or complex.

Q74 **Chris Bryant (in the Chair):** The question is how they do. That is the question I am trying to get to the bottom of. Otherwise you are relying on an MP raising a constituency case.

Lord Hammond of Runnymede: You are relying on senior consular officials. If you are asking me, there is not a process that I am aware of by which officials bring vast lists of consular cases and ask Ministers to decide which ones should be treated as special or complex.

Q75 **Chris Bryant (in the Chair):** No, but what I am driving at is maybe there should be a process whereby they come with a list of six, 12 or whatever it is, which are the special and complex cases, which need a bit of ministerial attention.

Lord Hammond of Runnymede: I can assure you that, throughout my time as Foreign Secretary, there were certainly more than six or eight cases that were in my purview. There was the Tsege case. There were several cases in Iran. There was a case in the US. There were three British seamen or security guards on a vessel who were arrested and detained in India that took up a great deal of our time and energy. There were definitely more than six.

Q76 **Chris Bryant (in the Chair):** There was a Russian Greenpeace thing as well. My point is it is two dozen, three dozen or whatever the list is, however you decide; it just seems odd that there would not be a process whereby that was decided. It sounds like there is not. It sounds a bit random.

Lord Hammond of Runnymede: There is a process by which everything happens in the Foreign Office. The question is who runs the process and who is aware of it. I suspect, if you took evidence from senior consular officials, they would be able to explain this and how it works very easily. Maybe they could provide a written note to the Committee.

Q77 **Chris Bryant (in the Chair):** The MacGregor review said, "Despite the high profile of this work, many people felt the FCO as a whole did not seize quickly enough the political sensitivity of these complex cases and escalate accordingly". Do you think that is unfair?



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Lord Hammond of Runnymede: It is not my experience, but, by definition, if there was a case that should have been escalated and was not, I would not be aware of it.

Q78 **Neil Coyle:** Thank you very much for being with us this afternoon. It sounds like that process needs distinguishing. Are you sitting here telling us that you think that the process was adequately able to present to you a clear distinction between the cases of British citizens held abroad? Does it need improving so that there is a difference between someone arrested for drug smuggling in Thailand and someone arrested on the whim of a regime?

Lord Hammond of Runnymede: Yes, of course. I would guess that Ministers of State and Parliamentary Under-Secretaries, all of whom have geographical spheres of focus, would be more aware of cases perhaps at the margin. By the time it gets to the Secretary of State's office, it is cases that have been clearly identified as requiring high-level intervention. That would be the usual reason. The usual reason a consular case would come to the Foreign Secretary's desk is that you need to make a phone call to your counterpart, you are going to meet your counterpart and you need to raise this issue with them, or you need to brief allied Foreign Ministers to raise a British case on our behalf at a forthcoming meeting. That also happened.

Q79 **Neil Coyle:** You are saying that you think that that distinction between cases was clear enough in your time as Foreign Secretary that you felt that you had all the cases you should on your desk.

Lord Hammond of Runnymede: I was Foreign Secretary for two years. I do not recall ever having come across a situation where I had to say, "Why was this case not brought to me sooner?"

Q80 **Neil Coyle:** That sounds like a yes. I think that, while you were Foreign Secretary, the chief finance officer of Huawei was arrested in Canada for fraud. In response, two Canadians were arrested in China. Was there any partnership working with Canada or other Commonwealth countries on cases like that, involving other Commonwealth citizens, or does that framework not exist?

Lord Hammond of Runnymede: There was a lot of communication around that particular incident, because it was of great concern. We were getting a lot of pressure from business generally about the potential implications for businesspeople travelling internationally. Of course, we have very close relations with the Canadians and with the Americans, who took a great deal of interest in this case. Yes, it was discussed extensively.

More generally, there was a practice among the close allies that we would raise each other's cases as and when appropriate. For example, in relation to Nazanin, I found a note on the file of me approaching the French Foreign Minister ahead of President Rouhani's visit to Paris. Sorry, I am confusing two issues. It was not about Nazanin. It was one of the



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other Iranian detainees. I was asking him to raise a British case with the Iranian delegation. I had an informal arrangement with the US Secretary of State, John Kerry, that we would raise each other's dual national cases whenever we had contact with the Iranians.

- Q81 **Neil Coyle:** There was an informal basis that could perhaps be formalised. You have also just suggested that there was more pressure from businesses, companies, to act more strongly or take more action than there was perhaps from within the Civil Service to alerting to state-sponsored hostage-taking, in effect.

Lord Hammond of Runnymede: No, I did not say that. I said that the Huawei case generated a great deal of heat. One of the sources of that heat was that business, across the board, was alarmed by the idea that business people doing business might be arrested in pursuit of some state objectives.

- Q82 **Neil Coyle:** Was there equal concern within the Civil Service that we were seeing the emergence of a more aggressive state in China taking that kind of action?

Lord Hammond of Runnymede: We were surprised by the Chinese action in that case. That was quite a complex incident. As always in dealings with China, there were multiple aspects to what determined behaviour in that case.

Neil Coyle: Thank you for that clarification. Some of us miss those old-fashioned standards.

- Q83 **Liam Byrne:** It is nice to see you again. I am trying to get our timeline straightened out. Could you tell us when you first became aware of Nazanin's detention?

Lord Hammond of Runnymede: From the papers, I cannot tell you when I first became aware of her detention. I had a system in the Foreign Office of updates, so two or three times a day I would receive from the private office a two, three or four-page note that would give me one-paragraph updates on issues that were live or new issues that were developing, so it was semi-real time. I did not find on the file a reference around 3 April to Nazanin's arrest. That does not mean that it was not there. These notes were produced informally, in the private office.

The first reference I could find on the file was to me raising Nazanin's arrest on 17 May 2016 with Mohammad Javad Zarif, the Iranian Foreign Minister. That was a specifically briefed intervention by me, so at some time before that I will have been made aware of it. We probably will have had a meeting to discuss it and there would have been then a briefing produced by the Foreign Office for me. I suspect that the reason I am not finding some of this stuff is that, clearly, in the early stage of a case like this, there may well be intelligence source information about what has happened on the ground.



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Q84 **Liam Byrne:** You said earlier in your evidence a moment ago that you had asked for all diplomatic means possible to be exercised in providing help to—

Chris Bryant (in the Chair): It was all available means, not just diplomatic.

Lord Hammond of Runnymede: My words were that I asked the Foreign Office to ensure the use of every available channel to pursue dual national cases.

Q85 **Liam Byrne:** What was the date for that?

Lord Hammond of Runnymede: That was January 2016.

Q86 **Liam Byrne:** That edict was in operation before Nazanin's arrest.

Lord Hammond of Runnymede: Yes.

Q87 **Liam Byrne:** When did you first become aware of the importance of the connection between Nazanin's arrest, the prospects for her release and the IMS debt?

Lord Hammond of Runnymede: This is a complex question. There were a significant number of issues outstanding in UK-Iranian relations at this time. If I take 30 seconds for context, the Iranians were intensely annoyed that we had not been able to secure the opening of a bank account for their embassy in London. We had not been able, effectively, to secure channels for European investment in Iran, which was one of the promised deliverables of the JCPOA. The Iranians were very agitated about that.

There were the claims for compensation both ways between the UK and Iran. There was a case going on against the British Government by Bank Mellat over the application of sanctions to it. The Iranians were refusing to agree agrément for the British Ambassador. They were claiming that we had put high-powered CCTV cameras on our embassy in order to collect information from outside the embassy compound.

There were a number of issues that were causing tension between Iran and the UK at this time, notwithstanding the improved situation post-JCPOA. IMS was one of those issues. It was not clear that there was any link between Nazanin's arrest and the IMS debt at that stage. My personal view is that I would be surprised if that was the motivation for the arrest. I am not saying that it did not become a factor later, but I do not think it was identified as a factor at the outset.

Q88 **Liam Byrne:** If we now skip forward to your time as Chancellor, we have heard from Alistair Burt and from Jeremy Hunt about what they described as a consensus breaking out across Government, so that is the Foreign Office, the MoD and the Treasury, that the IMS debt needed to be settled as one of the critical preconditions for Nazanin's release. Alistair Burt and Jeremy Hunt described that period, around about November 2018



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through to spring 2019. Was the Treasury a block on that IMS debt being repaid?

Lord Hammond of Runnymede: I am probably in quite a good position to talk about the IMS debt, because I was Defence Secretary, which is where I first came across it, then Foreign Secretary and then Chancellor. Reading the Treasury papers again last week, there was a view in the Treasury that the Foreign Office perhaps did not fully comprehend the process that the Treasury was obliged to go through in relation to the Office of Financial Sanctions Implementation issuing a licence that would have allowed any payment to be made.

As I was reading those notes, I was very conscious of the fact that, when I was Foreign Secretary, I had not appreciated the role of the Chancellor in this process. When I was Foreign Secretary, I believed I owned this process. When I was Chancellor, I discovered that actually the Chancellor owns that process. It is the Chancellor that is the decision-maker in relation to licences issued under the OFSI sanctions regime.

The Chancellor makes a decision to issue a licence as a quasi-judicial decision. That means that officials provide advice on the facts and information, but they do not provide a recommendation. The Minister acts as a quasi-judicial decision-maker.

Q89 **Liam Byrne:** Notwithstanding that, Jeremy Hunt described a consensus emerging in Government in around the spring of 2019. We are trying to understand whether the Treasury, at that stage, acted as a constraint on the settlement of the debt. Why did it take so long between the consensus emerging and the debt actually being paid?

Lord Hammond of Runnymede: The view of the Treasury as an institution, and my view as the decision-maker, and the view that I had formed a very long while ago when I was Defence Secretary, was that this was a debt owed to Iran and there was no reason at all not to pay it, other than sanctions regimes.

The money was, in fact, transferred into a court account in 2002. The money was no longer under the control of either the Ministry of Defence, IMS or the Treasury. It was sitting in an RBS account, controlled by the court payments office.

Others have said that a consensus emerged in Government. I think that they are referring to a view across Government that there was a linkage and that, if some way could be found to pay the debt, maybe that would have a bearing on Nazanin's detention. The Chancellor, of course, can have a view on these things, but, in making a decision under the sanctions regime, he is obliged to look at the criteria that are laid down by law for consideration in issuing a licence. There are five criteria. I can go into what they are, but it is perhaps not relevant.

Criteria one and two were always clearly met. The Treasury's initial view was that the criteria three and four were not met, but, over time, the



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Treasury persuaded itself that they were met, or could be interpreted as being met. The Treasury was trying to be accommodating, but criterion five was very explicit. It said that the amount of the payment must be known. The amount of the payment in this case could not be known until the court had determined the amount.

While the principal had been paid into a court account, there was an open case running around the amount of interest, costs and other ancillary amounts that had to be added to it, which would make quite a difference, given the age of the debt. It was clear within the Treasury that, once the court quantified that amount, it would then be possible for the Chancellor to authorise a licence under the OFSI regime.

I have one final point. That deals with the formalities of the situation. There was still the question of how to transfer payment to Iran. Throughout this period, we were dealing with three problems. One was the morality of making a payment to secure a release. One was the legality of making that payment. The third was the practicality of transferring money when no UK bank was prepared to make a remittance to Iran.

The court payments office account was with RBS, which had suspended all payments to Iran. The Bank of England, which we approached on this matter, was only prepared to do so if the Government issued a full indemnity to the Bank of England. There were major impediments to the transfer.

Q90 **Liam Byrne:** When did criterion five get satisfied?

Lord Hammond of Runnymede: It was either when the court made a judgment as to the exact amount that was due, or when the parties agreed that exact amount and the court endorsed it. That is my understanding.

Q91 **Neil Coyle:** Lord Hammond, you said that you first raised it on 17 May. That happens to be the same day as a debate in Westminster on the imprisonment of Nazanin, who had been, I think, imprisoned nearly two months at that point. Was that just a coincidence? Was your first raising of it in response to that debate?

Lord Hammond of Runnymede: I cannot answer that. Did you say that it was a debate in Westminster Hall?

Q92 **Neil Coyle:** In Parliament, yes. I think it was one called by the hon. Member for Hampstead and Kilburn.

Lord Hammond of Runnymede: There is not a note in the papers I saw of that debate, but I guess that it is quite likely that, in preparation for a debate, that would have focused officials on the case. That may well be why it came to me to raise it with Zarif.

Q93 **Neil Coyle:** That suggests that, if it had not been for the public campaign



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by Richard Ratcliffe and the hon. Member for Hampstead and Kilburn, there may not have been that formal raising of this case. That seems quite a concern, that it would take the publicity, campaigning and resolve of Richard Ratcliffe and others in order to secure that.

Lord Hammond of Runnymede: Unfortunately, we are speculating here. There is not enough of a paper trail for me to be able to say when the case first came to my attention and what provoked that.

Q94 **Neil Coyle:** Trying to think forward, do you think that there should be a better process that means that someone is not languishing in prison in a rogue state for six weeks before something is raised and it may take a public campaign? Should there be a better process for making sure that there is an earlier questioning of a foreign Government on behalf of British citizens?

Lord Hammond of Runnymede: I would expect that there is such a process within the consular service to filter cases and raise them as appropriate. We have to be a little bit careful about starting with an assumption that an intervention by a foreign Government is always helpful.

Chris Bryant (in the Chair): We are going to come on to that in a moment, if that is okay.

Q95 **Bob Seely:** Lord Hammond, I want to check something. You said that it was difficult to find a bank willing to do this. You talked about the Bank of England wanting an indemnity. With great respect, you were not a private citizen sending money to a dodgy relative in the Middle East. You were the Government. The whole point of Government is that they make stuff happen. I know that banks were being a bit nervous, but you are not doing this as a private citizen. You have the power to make stuff happen.

Lord Hammond of Runnymede: The international banks in question all have dealings in the United States. Several major British banks were fined multiple billions of dollars for breaches of US legal regimes. During this period of time all the banks were, and as far as I am aware remain, extremely nervous of taking any action that could make them vulnerable to punitive damages in the United States.

It was not a surprise to find that not only could we not find a channel to transfer IMS debt but we were unable to find banking channels for British businesses that wanted to start doing business in Iran post the JCPOA. Therefore, sadly, we were unable to deliver to the Iranians one of the promised benefits of the JCPOA, a reopening of trade relations between Europe and Iran.

Chris Bryant (in the Chair): It feels a bit striking that we have a more robust sanctions regime in relation to Iran than we presently do in relation to Russia, by a country mile. I am not asking you to go into that subject now.



- Q96 **Royston Smith:** Thank you for coming today, Lord Hammond. What is your assessment of the use of quiet diplomacy in state detentions? You talked about what I suppose is your little black book. Is it? I do not know. There was the Foreign Minister in Iran and the conversations you had with John Kerry. I am sure that there were plenty of others. Did pulling on those networks have any effect on any of these detainees?

Lord Hammond of Runnymede: The first requirement for diplomacy to take place is some kind of access or communication. If you are not talking to somebody, you cannot practise diplomacy in any way. Experienced diplomats would say that, however difficult the situation is between two countries, it is wise to keep some channels open, so that you can explore the possibility of finding a resolution to issues like consular cases.

- Q97 **Royston Smith:** With that in mind, do you have any examples of any successful outcomes by using those networks and that diplomacy to get people released who otherwise might not be?

Lord Hammond of Runnymede: I cannot put my finger on a case now and say to you, "Here is a case of somebody who was detained in Thailand and we quietly engaged with the Thai Government", or in Pakistan or whatever. The regular course of consular diplomacy involves constant engagement with countries, making an appropriate case to get an outcome that is satisfactory. Very often, that is not done by grandstanding. It is done by quiet diplomacy.

In the case of Iran, I think that everybody involved understood early on that the best way to tackle these cases is not to challenge the Iranian system. We have a long history of relatively prickly relations with Iran and the British Government challenging the Iranian system is not going to be productive. Simply working from a humanitarian basis, saying, "Never mind the wrongs and rights of this case; here is a person who is suffering, who, on humanitarian grounds, should be released or freed", was usually the approach that we took.

- Q98 **Royston Smith:** On that, if someone mounts a public campaign, which some people have done, very successfully, it has to be said, does that help, in your opinion, or hinder your efforts in quiet diplomacy?

Lord Hammond of Runnymede: It depends on the individual case and nobody can tell at the beginning of a case whether going public, making noise, is going to help or hinder. The concern is this case—and it was expressed to me from different directions in the relatively early stages of this case—is that, as far as the Iranians were concerned, they had arrested an Iranian national. The British Government weighing in at senior level saying, "This is a very important case. We need to talk to you about it", ran the risk of reinforcing Iranian views that there was some connection between Nazanin and the British Government, or that Nazanin was in Iran doing something untoward, for which there was no evidence whatsoever.



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We had to be very careful that we did not send a signal, through our interest and level of engagement, that would make them more suspicious than they were. Remember, this is quite a paranoid regime we are talking about here, especially the IRGC.

- Q99 **Chris Bryant (in the Chair):** Is the danger not that the Foreign Office officials will always go, "Oh no, quiet diplomacy, Minister; really don't"? You used the term "grandstanding". You might just be arguing a case in public. It is not grandstanding. It is just arguing a case. I can think of at least one instance with Laos, which is a really difficult, impenetrable regime, I guess you would call it, where actually making a bit of a fuss was the only way you were going to get anywhere.

Lord Hammond of Runnymede: That may well work in some cases. There is a step in between quiet diplomacy and grandstanding. There are different levels. Ambassadors have the ability to do things on the ground, or our diplomats in situ. There are opportunities often at working level in international meetings, where officials work together and often work together quite sensibly and collaboratively, even when there are difficult issues.

- Q100 **Chris Bryant (in the Chair):** Do you think that we got it right in this circumstance?

Lord Hammond of Runnymede: In this case, my first intervention was a private conversation with Zarif, which was fruitful. It was fruitful in the sense that he told me that he would look at this and, after the election season, would look at the ability to raise it as a humanitarian case.

- Q101 **Chris Bryant (in the Chair):** When you look at the whole course of this, do you think that the UK has done well in this or not?

Lord Hammond of Runnymede: This was a very difficult case. The profile of the case in the end made it quite difficult to bring to a conclusion. We had a very high-profile case. We had a lot of public linkage with the IMS debt, which would have made it quite difficult for the Iranians to accept a solution that did not include the IMS debt payment and we had a legal and technical impediment to settling that IMS debt.

- Q102 **Graham Stringer:** You have answered most of my questions in your answers to Liam, but I would like to follow up with a few details. You were very clear, when you were talking about the difficulties in paying the debt, that all those difficulties arose from international law. As Chancellor, did you put any extra criteria on for paying the debt? Was it just international law?

Lord Hammond of Runnymede: As Chancellor, my position was very clear. This was a debt due and it should be paid, just because the UK is a country that pays its debts, once the legal impediments to payment were cleared. We then still had to find a practical channel for resolution of the debt. Right back to the very first time I was aware of IMS, which when I



was Defence Secretary, it was clear that the debt should be paid. It had already been paid. We had paid it into court.

There is another thing that the Committee needs to understand. I think that Mr Burt made a reference to this in his evidence. It was the Iranians that kept postponing the court hearings. It was not the British Government or IMS. It was the Iranians. We know not why. Maybe it was just that they were not prepared. Maybe it was that it did not suit them to have a resolution. It was Iranian requests for postponements that kept pushing the date of the court hearing back.

Q103 Graham Stringer: You have certainly been very clear in your evidence that, as Foreign Secretary, you were not really aware that the Chancellor was the person who was going to make the final decision. Is that not a serious failing of Government, if two very senior members of the Cabinet—you had been there since 2010—did not talk to each other, in Cabinet, in the margins of Cabinet or just as colleagues, to try to resolve this?

Lord Hammond of Runnymede: It depends what you mean by trying to resolve it.

Graham Stringer: Perhaps “understand” is a better word.

Lord Hammond of Runnymede: A decision-maker who has to make a quasi-judicial decision probably should not be discussing with other Ministers how to try to resolve that decision. I was merely taking advantage of the fact that I had seen this issue from both sides. When I was Foreign Secretary, I felt that I owned this agenda. I had not realised the role that the Treasury and the Chancellor would play.

Q104 Graham Stringer: If you do not think that that was a mistake because of the quasi-judicial area around it, to ask Chris’s question in a slightly different way, do you think that there were any decisions you could have taken or any policies that could have been changed that would have led to a speedier outcome to Nazanin’s situation?

Lord Hammond of Runnymede: I do not think that there is anything specific that we could have done, but there is a question here dangling, of course. Why did this issue remain unresolved for so long and then apparently get resolved? What happened? What changed?

For me, the obvious thing that changed is the US Administration. During the period of the Trump Administration, the messaging from Washington was clearly hostile to compromise with Iran. We clearly had the sense that the letter of the law had to be adhered to. This happened after my time in Government, but there may have been a sense that, once the transition to the Biden Administration occurred, there was a slightly more relaxed approach from the US Administration, perhaps more willingness by the US Administration to engage and discuss ways in which routes might be found.



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Q105 **Chris Bryant (in the Chair):** It was not the change of the Foreign Secretary here.

Lord Hammond of Runnymede: I do not think so, no.

Chris Bryant (in the Chair): You disagree with the present Foreign Secretary then, I think.

Q106 **Graham Stringer:** You mentioned the nuclear deal with Iran. Did having that deal help these negotiations in any way? Apart from the obvious impact it had on the nuclear situation itself, did it impact on the general relations and the relations in particular to the people being held by Iran?

Lord Hammond of Runnymede: That is a very interesting question. When the deal was done in 2015, there was a groundswell of feeling that we were in a bit of a new start with Iran and it was going to be possible to reset the way the relationship worked. That was a positive. All of us who were involved had spent a lot of time with key Iranian figures, got to know them and had the ability to pick up the phone and talk to them. That was a positive.

By January 2016, by implementation date, there was a growing frustration on the Iranian part that we had not been able to deliver this opening up of trade and investment. That was becoming a new irritant in the relationship.

Also, as far as the US is concerned, there was a period of time when President Trump came into office and had resolved to withdraw from the JCPOA, when the Europeans and the Iranians found themselves, to some extent, thrown together in an attempt to try to save the JCPOA. There was a period when there was quite frenetic activity to try to find a way to make the JCPOA work, to keep Iran in the JCPOA. That created a complexity within this triangular relationship between Iran, Europe and the United States. Throughout the whole period of the Trump Administration, the hostility of the Administration to the JCPOA was a complicating factor.

Q107 **Bob Seely:** By way of general insights and lessons learned from your point of view, when it comes to state hostage-taking, what are your critical insights? Looking back over how you and the Government were dealing with state hostage-taking at the time, are there ways that you think you should have dealt better with it, or do you think that we handled them with professionalism? How do we do things differently when it comes to state hostage-taking compared to other democracies?

Lord Hammond of Runnymede: We are dealing with cases where people have been detained and processed through the judicial system of a foreign country. We may disagree with the charges. We may believe that the charges are trumped up. We may disagree with the way their judicial system works. It is not the Foreign Office's approach to declare it as a separate category. It is to engage with it as it is. We have to work with what we have.



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How do we compare with other jurisdictions? The US, as you know, made a payment of cash to Tehran after the JCPOA and secured the release of some dual national detainees in what was not merely linked but was very visually linked in the way they executed it. That did not stop other American dual nationals being arrested and detained in Iran.

As you know, our general principle in relation to hostage-taking is that we do not pay ransoms for hostages, because to do so puts others at risk. The Americans found out that securing the release of detainees in this way did not stop further detainees being taken.

Q108 Chris Bryant (in the Chair): There has been a suggestion that like-minded countries could, nonetheless, reach an agreement if one country's citizen has been arrested, then everybody is going to deal with it in the same way. Is that a goer?

Lord Hammond of Runnymede: It was Mr Hunt who made that suggestion. It is a nice idea, but negotiating agreements between independent countries is notoriously complex, and making sure that nobody steps out of line when they think they have a vital interest to protect or to pursue is always very difficult. Clearly, collaboration between like-minded countries around an agreed approach will be helpful.

Q109 Chris Bryant (in the Chair): I just have one question, which may seem pernicky to you. You have used the term "quasi-judicial" several times today. What do you understand by "quasi-judicial" in relation to the decision that you had to make? How do you know that that is a quasi-judicial decision as opposed to a decision to raise taxes?

Lord Hammond of Runnymede: Ministers in various roles have decision-making powers around specific decisions that are brought to them and they will be advised that they are making those decisions in a quasi-judicial role. I am working from recollection. My recollection is that the rule was that civil servants provided advice and factual information, but did not provide recommendations. Normally, a decision will come to a Minister with a case argued and a recommendation.

Q110 Chris Bryant (in the Chair): Quasi-judicial normally applies to planning decisions or something like that, where your decision might be subject to appeal in a court and you would have to be able to prove that you had only used evidence that was material to the decision rather than extraneous issues.

Lord Hammond of Runnymede: In the case of directing OFSI to issue a licence under the sanctions regime, the issue here would have been that there are five clearly stated criteria that have to be satisfied and the role of the decision-maker is to exclude other considerations and to look solely at the question of whether the five criteria have been satisfied. I am giving you my interpretation now; I believe this to be correct. If the five criteria have been satisfied, it is appropriate to issue a licence. If they have not, it would not be lawful to issue a licence, and under the Ministerial Code and under the Civil Service Code neither Ministers nor



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civil servants can advocate a course of action that is unlawful. Perhaps that is a good point to end.

Chris Bryant (in the Chair): Yes. Do you think that has any relevance to any other issues? No, do not answer that question. Thank you very much, Lord Hammond? I should say it is great to have Richard and Tulip sitting here with us today as well. We are conscious that we are not only dealing with matters of high state. We are dealing with matters that matter to individuals, families and their lives. Thank you very much, Lord Hammond.