



Select Committee on International Relations

Corrected oral evidence: Developments in the Middle East and Implications for UK Policy

Wednesday 12 October 2016

11.30am

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Members present: Lord Howell of Guildford (The Chairman); Baroness Coussins; - Lord Grocott; Baroness Helic; Baroness Hilton of Eggardon; Lord Jopling; Lord Purvis of Tweed; Lord Reid of Cardowan; Baroness Smith of Newnham; and Lord Wood of Anfield.

Evidence Session No. 1

Heard in Public

Questions 1 - 10

Witnesses

I: Sir Derek Plumbly, former British Ambassador to Egypt and Saudi Arabia and UN Special Co-ordinator for Lebanon.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Sir Derek Plumbly.

Q1 **The Chairman:** Sir Derek, thank you very much for joining us. As a formality, I am obliged to remind you, and should remind you, that this is a public session and there will be a transcript of what emerges from it and, if you want to adjust the transcript later that is perfectly acceptable to us.

We are just embarking—and you really are not quite John the Baptist—on our scoping discussion on the way we go. We have been looking at the whole scene and are anxious to combine some focus, clarity and limitations with a sensible overarching view, which is quite a difficult task because this is the sort of subject that can spread definitely into vague generalities. As I say, we are looking to you for some guidance on broad themes right at the beginning of this study.

We are starting with the proposition that revolutionary changes are taking place, and have taken place in the Middle East and these affect fundamentally the nature of UK policy. Can you give us an update of where you think UK policy stands, its strengths and weaknesses? I am going to add a rider to that straightaway: when the Arab Spring occurred, did we get it right or were we a little too hopeful about the democratic and liberty-inducing nature of it all, which has turned out to be rather slim?

Sir Derek Plumbly: Thank you for inviting me. It is an honour to be the John the Baptist. I will do my best.

When I was invited to do this, I was given a copy of the mission statement that the Government have for their policy on the Middle East, which describes the goal as being “a more secure, prosperous Middle East with political stability, open political and economic systems....using diplomatic influence and programme assistance” to achieve all that. Of course, as you have already hinted, that is a very long way off. Alone, clearly there is not very much we can do to achieve these goals, which are absolutely correct goals, as stated, but following the Arab Spring and what has happened since the Arab Spring they seem a very long way off.

I think we bring important assets to the table, including in areas, military and humanitarian, which are not actually mentioned in the mission statement. They include, in no particular order, longstanding relationships, particularly in the Gulf, and the sort of access that that should give you; P5¹ membership; diplomatic expertise, regional experience; and aid, being the second-largest bilateral donor to the humanitarian programmes with large and impressive programme budgets

¹ The five permanent members of the UN Security Council.

now in the FCO and across Government, strategically pooled, of which the largest is the Conflict, Stability and Security Fund.

I have to say in Lebanon, where I was the UN Secretary-General's representative until last year, I saw very good evidence of the use to which that can be put, in backing the Lebanese army particularly and building essentially better protection around the frontier with observation posts, logistics, communications and training. That made a difference, particularly when the Saudis withdrew their assistance. It is basically the US and the UK which have helped the Lebanese army to safeguard that border, which has ISIS, Nusra and the Syrian army, all of whom have shelled or entered Lebanon at some point during this conflict, on the other side. Also, the focus on refugee education, which the UK spearheaded with its programmes of assistance there, speaks to a British strength.

On the weaknesses, first the traditional assets that I mentioned are challenged. There is generational change in the Gulf and indeed change everywhere, which means that you have to work to re-establish the personal relations which can facilitate things. People at the top here inevitably, I suspect, find that there are many other demands on their time at this time and have been over the past few years. I think that regional expertise was for a period discounted here in the making of policy, particularly in this part of the world. It atrophied at base too with many posts localised. You will find, if you begin to look at the Middle East set-up here in London, in the Foreign Office that there are very good people but the majority of section heads, for example, who in my time would have automatically served once—or in my case twice—in the Middle East are without Middle East experience at all. One in eight has that sort of expertise.

On the big policy issues, one thing I would say is that we, but it is not just us, it is obviously the United States in the first instance and western powers generally, but particularly we and the United States, have been overcompensating for the mistakes of our past. That means that yes, we learned a lesson from the invasion of Iraq, it was a devastating mistake, and we are learning now after Libya the lesson that, if you intervene, you have to follow up. But the long drawn-out suffering of the Syrian crisis has, I think, been prolonged by our effectively throwing away the leverage of whatever sort needed to achieve our declared objectives, including the humanitarian ones.

I was working at the UN for the UK in New York when things were leading up to adoption of the principle of responsibility to protect. That has fallen by the wayside.

This is not a criticism of the UK's alignment on Syria, or our declared support for the Syrian opposition or whatever. However, in seeking to bring the Syrian regime and, even more, the Russians and the Iranians, to the table, we have very few cards in our hands now because of this collective retreat, very little by way of the sticks and carrots needed to

put a sustainable arrangement in place on the basis of which you can safely say that you will be able to confront and completely defeat ISIS.

As to the Arab Spring and our positioning, I think we were absolutely right to welcome it. I do not think that in Egypt, which I know best, there were any foregone or determined outcomes. It might have been that things could have been helped through the initial transition, the departure of Mubarak and what came afterwards, but these were fast-moving events. In my view – but I was watching from afar as an international official during that time in Sudan—I think we probably gave too much slack later to the Muslim Brothers and perhaps misjudged the moment of the counter-revolution against them, which was in fact a popular movement. Maybe sometimes there is too much of a rush to judgment, and it is possibly better to say rather less and see how things develop, but the initial welcome for the Arab Spring, I think, was absolutely right. It was a hopeful moment and the hopes were lost for all sorts of reasons, which are not primarily to do with all of us; they were to do with the internal politics of the countries concerned.

The Chairman: Thank you very much for that; it was a very comprehensive start. Would anyone like to ask questions on that before we move on? Lord Grocott.

Q2 **Lord Grocott:** I would ask what, I am sure, is an impossible question to answer, but I need to get some sort of handle on this. British involvement has been absolutely unremitting in the Middle East, militarily, economically, in state-building, boundary-drawing and heaven knows what else. Can you give me an indication as to how Britain is viewed, and I cannot expect you to go through country by country, but any kind of generalisation as to whether the Brits coming is viewed as something to be received with joy and acclamation or whether they wish we would just buzz off? How are we viewed, as intermediaries, benefactors, advisers or anything else, in the Middle East?

Sir Derek Plumbly: We have a lot of baggage, as you indicated, and in particular places that can bring with it particular problems. People will cite everything, Sykes-Picot, Balfour, and their own particular experiences of Britain's moment in the Middle East.

In the Gulf there is warmth and openness to us and a very big continuing presence - there are 120,000 people in the UAE alone from the UK living and working there. Historically Saudi Arabia and the Gulf states owe their present shape and in some cases their survival to the United Kingdom. Now they invest heavily here. That is one particular set of relationships. Elsewhere, it depends. In Egypt, perhaps Suez laid it to rest in that we lost. That is not to deny that, if you scratch, the past will come out. But it is a new world, a new generation, and people are not really thinking about these things all the time. Indeed all my time—45 years in the Middle East—I do not think I have had a difficult moment based on our past.

Now, what people really look to is London, soft power and so on. In Egypt, where I am on the board of a couple of universities, they very much look towards the UK as a primary source of partnership in education. . That is another strength that I did not mention, but it is a real strength, the soft power draw of the UK.

One last thing I would say is that next year is 2017, the hundredth anniversary of the Balfour Declaration, and that will be hung around our necks again, properly since the job was only half done. The promise to the Jewish people materialised, though not necessarily through our own performance after it, but that to the Palestinians was never delivered on.

Lord Wood of Anfield: To pick up on what you said at the end about the British position on the Arab Spring, particularly in Egypt, and how you thought we did not get it wrong: to be slightly provocative, if I were taking a look at British positions towards the Middle East in the past five years, I might be slightly less charitable, in that you might think, on Egypt, we tipped one way and then another, but, when the Turkish coup happened a few months ago, we did not quite know which side to pick. The official government position seemed ambivalent because we did not quite know which side the angels were on and, on Syria, we were advocating bombing one side and then another a couple of years later. Is there a sense in the region that the British position on who to back and which side to be on is something which itself is in serious flux and maybe not just Britain's but that of a number of outside powers? Is there a sense of that at all or is that being too pessimistic?

Sir Derek Plumbly: Yes, I think that if you look at Egypt you might feel that at times we got it wrong, misjudged it, but others did too. I do not think we have been that inconsistent in respect of Syria, though it is very difficult. I am not sure I can take it further than that.

The Chairman: To take a specific example following on from Lord Grocott's question of why are we there, with the Gulf we have these historic links and so on. You were involved in Lebanon and we have done a very good job there; we helped with their training, some political advice and so on.

Sir Derek Plumbly: Yes.

The Chairman: Why have we done that? Lebanon was never part of our show. Why are we there?

Sir Derek Plumbly: I am not sure that it is wise to think of 'our show' across the Middle East. We are part of an international community which collectively has an interest, for reasons of migration, terrorism or whatever, in trying to bring things to a more stable outcome. We have a humanitarian interest and an overall peace and security interest in ensuring that the neighbouring states stay at least marginally safe. We have niche skills that we can apply, but we will not be able to do it all.

In Lebanon, I was the person who convened key ambassadors and it worked. It worked because there was no particular difference between the P5; they agreed to form an international support group which was chaired from time to time by the Secretary-General and which set out lines. Out of this came a view in Lebanon, an extraordinary one if you think about the backdrop, the four years or more of the Syrian civil war... At the beginning, there was great fear that the sort of proxy activity that went on in Syria would raise its head in Lebanon. Actually what came to pass, even though the regional aspect got more complicated as between Saudi Arabia and Iran, was very different. Still virtually every article and every editorial that you see on this in the Lebanese press will be talking about the "international umbrella"—that is, a shared concern to keep Lebanon safe. If you are concerned about migration, terrorism or all these other things, the problems for us could come from countries which are not actually ones in which we have had a traditional role – though incidentally we were instrumental in Lebanese independence, so that is something we might actually claim credit for!

Q3 Lord Reid of Cardowan: You said that probably the impossible task is identifying the revolutionary changes that are taking place throughout the world, but particularly the Middle East, and how that should affect our relationship with them. Assuming we all understand that a revolution can take two days or 200 years to be effective, one of the most difficult challenges, some people would argue historically, is when revolutionary change—technological, social, economic and so on—makes it impossible for pre-existing political classes who are in power to govern in the way they did or at all, but when a new political potential powerbase is not sufficiently developed to replace them, and during that period you get the sort of problems that we are probably facing. To what extent is that sort of description true—and I know it is impossible to describe what is going on there in one phrase—that we are getting increasing challenges to the pre-existing political power structures, particularly in the Arab Spring, but what you might call a more progressive power structure, more in accord with the social, economic and technological changes, which is not powerful enough yet to replace the pre-existing one and then you have a series of shifts?

Sir Derek Plumbly: I think that is right in the sense that a time of revolution across states, which have the same language and are subject to similar influences like this one, can take a very long time for it to be clear where it will all end up. Now, one would have to say that it looks as if, certainly in the countries that I visit, the yearning for stability is fairly strong. Such is the pain observable in Syria in particular, and in Yemen which also went through a transition and is now enduring a grim war, that people sort of cling on for fear of something worse. I think that is the point we have reached. I cannot say how long it will last. Underneath it, however, I sense that deference has been lost, so that people will speak pretty openly and disparagingly of the failings of whoever is in authority, even if they are not about to go onto the street demanding freedom. They might, however, go onto the street at some point demanding bread because instability has also brought economic turmoil.

The stabilisation aspect in some of the Arab countries is progressing. The leadership in some of them managed to ride out the Arab Spring by giving a bit of leeway. Morocco, for example, is showing itself to be pretty resilient, and there is resilience elsewhere.

The other thing I would say is that, even if countries are not progressing with political reform, and change does not look to be immediately on the agenda in many of them, the importance of economic reform and creating jobs to avoid the problems you mentioned cannot be gainsaid...

The Chairman: We are going on to what is happening in the area as we want your expertise on that and I will bring in Lord Jopling, but, Lord Purvis, do you want to talk about UK policy?

Lord Purvis of Tweed: Yes, Lord Chairman, thank you. Before, if it is appropriate, I would declare an interest I may have in this Committee. I refer to my entry in the register of interests. I am a senior adviser to a cultural and dialogue body which has done work in the Gulf, I am an associate with Global Partners Governance, which has done work in Iraq and the Middle East, and I am a member of a British Council inquiry into resistance to radicalisation for young people in the MENA² and Maghreb region.

Are there any areas, Sir Derek, where you think that the UK policy for the region is distinctly UK? You mentioned that we have a much higher role than other countries in development and humanitarian assistance and have had quite a unique historical impact. When it comes to our regional policy for a country, can you cite any areas where you would think there is a unique UK distinction, or are we part of that umbrella and overall policy-making approach?

Sir Derek Plumbly: To be effective, we would actually have to be part of a collective, as I described in Lebanon; that is how heft comes. Within that collective, you are given some additional influence, as I have described in Lebanon, if you have assets to put on the table, including financial ones. It is not fashionable to say that one should punch above one's weight, but you need to pull your weight and draw on the assets and skills you have within the collective. For example, the Yemen war, just to mention one: we do have, by virtue of the position we have adopted, influence over the negotiating process, are watching it closely and are in a position to be listened to. If you are engaged or are close to the participants, that gives you additional influence.

With the Gulf generally, traditionally, we have had a very strong presence. In, say, Oman. I think the distinctness you mention is still there, though the country is changing. .

Q4 **Lord Jopling:** I am not quite sure, following Lord Purvis, what interests we need to declare. Just to be on the safe side, I am vice-president of the NATO Parliamentary Assembly. Sir Derek, you have explained to us very

² Middle East and North Africa

helpfully the current state of UK policy in the region, so can we now turn to what is going on in the region and the trends, and I am thinking particularly of the political, the economic and the geopolitical trends in the Middle East, so could you talk about those to us? Probably you could spend a whole day doing that.

Sir Derek Plumbly: There is a risk of that.

Lord Jopling: Well, feel at home to in this building. Turning back to UK policy, how do you think UK policy will need to change to meet the trends I have asked you about?

Sir Derek Plumbly: Thank you; it is a big remit. The first thing is that the fallout from state failure in Syria; to a degree in Iraq; and in Libya and in Yemen, is going to be with us for quite a time. None of these wars is going to be 'won', except, I would suggest, that against ISIS which can be won, though the terms on which it is won will be important in achieving stability thereafter in the countries concerned. In places such as Libya or Yemen, you will find people around the table and processes under UN auspices which could lead to consolidation and an end to some of the worst horrors we are presently seeing. But there will still be local groups and militias there which, because of the weak state structures and because they were not actually involved in the process, will be around for longer. And because it is difficult to see Syria reaching a sustainable political settlement, one where people feel safe, at any early point we are going to have a refugee problem and presence in countries such as Lebanon and Jordan for an extended time to come. That is a humanitarian burden, but it also means a continuing requirement to support the neighbours, as we were discussing earlier.

Broader trends? We should remember that 60% at the present moment of the population of the Arab world, according to UNDP,³ is under the age of 30. These are the people who do not have the habit of deference and, although they may not take to the streets to demand freedom immediately again, they might vote with their feet if the job opportunities are not there. That is a phenomenon you hear of in all countries in the region – that the young will vote with their feet and leave if they can.

The economic prospects in turn are a factor of the instability and the uncertainty, and of the fall in the price of oil. I defer to those with real expertise in this area, but I do not think we are going to see an end to oil in the rough area that it presently is in future. The issue may be beyond the scope of this Committee, but of course it plays very much into the problems that leaders in the region face. The good news is that some of them are actually rising to the challenge but inevitably it will take time to adjust.

As to the geopolitics, the headline item is the United States and its absence or at least the way in which, following Iraq, there has been great reluctance there to intervene, and the sense of a lack of certainty of

³ UN Development Programme

protection that some in the region have. It may be that the next US Administration will reset that, but the limits of US power have been highlighted. This obviously has particular importance for us because, by and large, our views have been very close on Middle Eastern subjects. I would argue that we will have to encourage the Americans to stay interested, even though they have become independent of Middle East oil and Israel at the present moment is under no serious threat, which are the two biggest drivers for American engagement in the region, or historically have been so. Russia of course has been exploiting the vacuum in Syria and finding, I think, in some quarters in the region a sneaking regard for its ruthless opportunism, but I do not really see it filling American shoes.

Regionally, Iran has the benefit of the nuclear deal. One year on the agreement seems to be looking secure, it has held but it is not producing change with the speed that some of its advocates thought might be the case inside Iran. In the climate I have described, the Saudis feel pretty alone and—absent other key Arab players, and Egypt of course is particularly preoccupied — they have had leadership thrust upon them. With the generational change to which I referred, we are seeing a new and more decisive approach, one we will be living with for some time to come.. On the economic front, Vision 2030⁴ and the promise of change there is impressive and points at least the prospect of diversification and a measure of reform.

What are the implications for UK policy? It is not a very positive picture. It means that the problems we presently have will be out there for a significant time to come. I do not think that we can look forward to a time when we do not have to be at least as engaged as we presently are. I would argue that we should pull our weight more perhaps in participating and encouraging progress in the various groups where we discuss these things. There are some issues where probably, to be listened to, we need to reboot a bit. In Egypt, in particular, because of the way things have been handled and things that have happened, access is not perhaps as easy as it was.

The Chairman: Can I press you a bit more on the American involvement, which has conditioned our involvement for the last 40 years. You get two stories. One is that the Americans are not interested because they have their own oil and they got a bloody nose over so many engagements, and generally there is a feeling in the United States that they want to get out of it. The other is of course that the Americans will never be disinterested because of Israel. What is your take on that? If the Americans are going and we get more involved, as you have just said you would like to see, that is quite a change, is it not?

Sir Derek Plumbly: I think we need to encourage the Americans to sustain their interest more broadly. Their assistance is absolutely vital. I said that we are the second-largest bilateral donor. They are by far the

⁴ Saudi Arabia's vision to reduce the Kingdom's reliance on oil.

biggest bilateral source of assistance in the region. Politically, if these problems are to be resolved or we are to move towards political settlements, American engagement will be absolutely essential. Come the next American Administration—I cannot predict what their mindset might be, but the signs are that maybe Mrs Clinton, if it is her, would be more inclined to engage, and I think that is what we should encourage. As to their underlying interest, of course, President Obama has said that he would wish he could look elsewhere but he is constantly brought back. I think this will be the case, but it is important for us that they do not have to be brought back and that they stay engaged.

The Chairman: Baroness Smith, would you like to ask about a particular aspect of our changing situation?

Q5 **Baroness Smith of Newnham:** Yes, and it follows up on the question about the role of the United States. You have suggested that at the moment the UK is the second-largest donor in the region and obviously our foreign development aid is a percentage of GDP. Do you envisage there to be any likely changes to UK policy in the region following the vote to leave the European Union? Might changes to our GDP, for example, impact on our influence, and do you envisage that we might either have a need to be more involved in the region or to be still as involved with our European partners as we already are?

Sir Derek Plumbly: Arab Governments tend instinctively to look beyond the EU to national Governments—that is my experience. On the key political issues, though, the European Union has collective leverage and it has tools: its diplomatic outreach, the possibility of sanctions and the ability to give or deny market access. As, Lady Smith, you were pointing out, it has its own still more substantial aid programmes (to which we to date have contributed, but that presumably will be lost) and, as you say, the value of our national assistance will also be less if the currency market continues to play as it does. These are all factors.

British ambassadors sometimes beef about the processes of European co-ordination, but if you are a skilled diplomat, they can be used to maximise heft. You have a position. If you can sell it to the collective of the European Union and then it is reflected in the actions they take, that can be very useful. It can multiply leverage, as can the ease of contact between the key players in any particular situation. Where I was, it was essentially the French, the Italians and the Germans who would usually – other than the UK have been most interested among the Europeans. The honest truth is that, once we are outside the European Union, we will have to work that much harder to be heard. We will have to be more over the issues, understanding them and pressing a view, to have that view or interest taken on board. Also, I suppose, we will be more vulnerable to retaliation if the audience do not like what they are hearing. If you are concerned about the trend of events in a particular country, an EU statement provides you with a certain amount of protection.

There are specifics as well, of which I will mention two. One is the Quartet on Israel/Palestine, on which the EU represents Europe

collectively. In that sense we will not be there on the Palestine issue, so that is another reason why I think we will have to show more national attention to it than we have to date, although the Quartet has not, to put it mildly, been very effective.

On the positive side, there is genuine interest I think in the implications on the trade side, at least as regards the Gulf. I was in Saudi Arabia when the idea of an EU-GCC⁵ free trade agreement was first mooted way back in 1990. It never happened, but there is interest I detect now on both sides in such an arrangement with the UK. Given the scale of trade and the scale of investment both ways, that is something that could be useful, but of course it is some way down the road.

The Chairman: If there is trade between this country and the thriving—we hope—economies, the Middle East might actually move forward a bit faster, if we are operating alone, rather than trying to get the EU-GCC deal going, which has been more or less moribund for 20 years.

Sir Derek Plumbly: Absolutely. I think that is true.

The Chairman: Lord Reid, the broader influence: the other world emerging in the Middle East.

Q6 **Lord Reid of Cardowan:** Sir Derek, you have referred to the United States, the pull-out of their interests in specific and other factors, such as the self-sufficiency in oil and so on, leaving Russia stepping into—I think you used the phrase—the vacuum. There is another growing world power, which is China. Do you have any comments on its involvement, ambitions, its effect and its focus on the Middle East or the potential attractions in this vacuum of looking further east than hitherto has been the case to China from the Gulf states or the Middle East itself?

Sir Derek Plumbly: When the Saudis declared their Vision 2030, they looked to eight countries to be the key partners, four from the West and four from the East, with the UK one of the four from the West and China one of the four from the East, the others being Korea, Japan and India. That reflects their patterns of trade and reflects the way the world is moving.

China's influence potentially across the region, and its economic influence presently, are immense. The Egyptians are about to start building a new capital. The other day the newspapers reported \$20 billion worth of Chinese investment to help make this happen. I do not think it would happen without it. In fact, I believe there are discussions of perhaps two or three times that amount, so that is one big indication of China's interest and readiness to invest. They have long pockets and can take a long view during a period of economic downturn and turbulence in a way that perhaps people in the West are unable to do. They would have similar interests, I would guess, in for example, Iran.

⁵ Gulf Cooperation Council

But all this speaks to a rather cautious political approach. President Xi made a regional tour a month or two ago and visited all the key places, but it looked a little like theatre on the political side. I cannot speak to what went on obviously, but it felt like that. That said they are moving. China is, for example, building a base in Djibouti alongside the French and the Americans, who are already there. In Lebanon, there were Chinese peacekeepers with UNIFIL⁶—engineers—on my watch. The posture is a cautious, team-playing one in my experience. Certainly it was in Lebanon within our support group. Although they naturally align with Russia on issues to do with Syria in the P5, for example, they are again cautious. You will have seen their abstention on the French draft on Saturday. Maybe that reflects the fact that their interests remain economic, and staying in with everybody, which is helpful and perhaps will continue to be the case unless you get an escalation somewhere else, which might change the orientation of Chinese policy generally.

The Chairman: Is a picture emerging where the Russians are expanding their base in Tartus, the Chinese are building bases everywhere and bringing in all their Silk Road links from Asia, and other bases of construction are taking place all around the Middle East with Chinese money? The only thing we are doing is building new naval accommodation in Bahrain. We call it a naval base, but it is housing. Are we losing the Middle East altogether as these vast Asian powers take over and as Russia reasserts itself? That is impressionistic, but what would you say about that view?

Sir Derek Plumbly: Because of the processes I described in relation to Syria, in particular, we have lost political leverage on that issue. The Russians find a certain echo in some places for the positions they have adopted, although that would not be the case across the broad swathe of Sunni Arab opinion. You could exaggerate it, to be honest. As I am saying in the case of China, their interests in the region are largely commercial and an interest that we share in stability. We have a very difficult stand-off with Russia over Syria at the present moment, but the route to a settlement, ultimately, will have to go through Russia. We cannot ignore their presence or their influence on the process. It is dangerous in many ways, but what Russia has to offer across the region is rather limited economically, in trade opportunities, investment and so on. When I say “we” here, I am not thinking just of the UK, although the UK has the particular strengths that I have already described, but Western Europe and the United States as well. After all, the trading relationship with Western Europe collectively for Arab countries is particularly strong and underneath that trading relationship you have all the other direct security contacts going on because of the shared concerns about counterterrorism and so on.

Q7 **The Chairman:** At the root of all this disturbance, one hears it asserted, is a lack of employment, the youth without jobs, the failure of the Arab world to catch up with globalisation and general economic misery. At the

⁶The United Nations Interim Force in Lebanon.

same time, they have revenues, floating on a sea of oil and gas. What are the chances of all this talk about diversification in Saudi Arabia, new industry and a new Arabia arising? How much hope can we put in that, or are we facing an area which is inherently bogged down in a lack of economic growth and is going to stay that way?

Sir Derek Plumbly: You have younger leadership in Saudi Arabia, and in the UAE for example as well. They mean what they say. It is immensely difficult to implement everything, if we are focusing on Saudi Arabia, in Vision 2030, but if 30% or 40% of it is implemented in terms of economic diversification and the measures of liberalisation, opening up on culture, entertainment and the role of women and so on, it would make an enormous difference. The situation for these countries at the present moment, and Saudi Arabia in particular, is not sustainable exactly as is over an extended period just because of the erosion of their reserves and so on. But there is a determination to tackle it seriously. The transformation programme is new, the next six months to a year will give us a better sense of how possible it will be to implement a significant swathe of it. They have been around this buoy before, but never with the same degree of economic challenge, and they have never responded quite so resolutely and clearly as they are now. My sense is there is deep strength, economically and traditionally and so on, in these Gulf societies. These are difficult times, but they will come through.

The Chairman: What does a young Arab boy or girl who has no job do? In Syria, if they are not being bombed and killed, they can say, "We clearly have 20 years of reconstruction ahead", but physically the place has been smashed to bits. What do they do? What will this Arab revival be based on if the oil revenues are less significant in the future?

Sir Derek Plumbly: You are absolutely right; it is a gloomy prospect. To help address it, it is important that we work with and prioritise the sort of areas of assistance which might make a difference. If you look at Egypt, which is the country in this position I know best, it has an enormous education deficit, which we can help to make up if we are prepared to partner with it. In terms of reconstruction, it will take a very long time, frankly, to put the war torn places together again. Tikrit was liberated a year ago and I am not sure very much has been done there since. Moving and creating an environment to which people can return—and they have returned to Tikrit but not found very much—will be crucial.

The Chairman: In the meantime, everyone is fighting everyone. Baroness Coussins, you can bring us to the big picture.

Q8 **Baroness Coussins:** The relationship between Iran and Saudi Arabia and what needs to happen to that relationship if it is going to be more positive and be some kind of fulcrum for establishing better stability across the region—how important do you assess that as?

Sir Derek Plumbly: It is very important, clearly, and it is currently at rock bottom. There are no formal relations; they have broken off diplomatic relations after the attack on the Saudi embassy in Tehran. In

my time in Lebanon, people would always talk about how, if there is a problem, Saudi Arabia and Iran can signal, give an amber light that X will happen, and all will be well. There was a certain truth in that. Both had their particular strengths in the country, and that is true elsewhere in the region, although there are other elements; it is not just Saudi/Iranian tension that is causing the problems we see.

I do not have a silver bullet to suggest. Yes, it is a religious tension, but it is about politics as much as religion, though it feeds on and into the sectarian fears to be found in countries where there are minorities of the other side, Sunni or Shia. What is to be done about it? Again, as I said, there is no silver bullet. The UK approach should continue to be a combination of solidarity with the Gulf and cautious engagement with Iran. We should encourage openings, if we see them, but that is not immediately on the horizon. I am not sure there is an overall deal to be striven for; it is more a case of trying to stabilise and move forward on the various dossiers, whether it is Syria, Iraq or whatever—in the case of Syria, ensuring they are both in the room there and within the ISSG,⁷ the International Syria Support Group. If you are looking for something that would ease matters, the Saudis in particular and many across the Arab world generally have a very clear picture of expanding/extending Iranian power and influence—the fighting in Syria obviously and their influence in Iraq, the position in Lebanon and so on—and they see their hand in Yemen too. If a political settlement in Yemen were possible between the parties there that would ease things. When the Houthis advanced on and took Sana'a in 2014, it tipped a relationship in which there was a possibility of talking into one in which the Saudis and most Gulfis on the one hand and the Iranians on the other were not talking at all.

Lord Purvis of Tweed: You mentioned before an Iranian deal that was likely, if it develops and stays stable. Is that going to be a substantial factor in the future relationship with Saudi Arabia and Iran? Iran will have, in opening up to western diplomatic relations, greater western trade and eastern trade with Iran, and the economic relationship in addition to the political relationship is going to be developing further. What impact do you see with that? Do you see this as a framework of the relationship going forward?

Sir Derek Plumbly: Obviously the Saudis, in particular, were extremely nervous about the Iran nuclear deal. As it has progressed, their reasons for concern, I would guess, have diminished somewhat. There has been a serious and common attempt to reassure them and stand with them on this and it has had some effect. At the moment and for as long as these individual conflict situations persist, the focus is more on the Iranian role there and that of their protégés, Hezbollah in Syria and the Iraqi militias too, in support of them. Assad is almost totally dependent for ground forces on the assistance he is receiving in that way. The fear of encirclement is real. Of course, if it were felt that the nuclear deal was not going to be effective in containing what was perceived as an Iranian

⁷ International Syria Support Group

nuclear threat that would change things. And there must also be underlying worry that Iran will grow stronger, with more resources at its disposal, but the speed of this now looks less likely to be that rapid, frankly. Iran too must be affected economically by the role it is playing across the Levant, as the Saudis are by the war in Yemen.

Lord Purvis of Tweed: One brief follow-up, if I may. How much weight do you give to the view that one of the consequences is that there will be an increased focus from Saudi Arabia and Iran respectively on increasing their spheres in non-state actors as well as some of the smaller states, so, in effect, there will be emerging sphere influences which will become fairly strong within the region?

Sir Derek Plumbly: Was that within Iraq specifically?

Lord Purvis of Tweed: Iraq, and you mentioned Syria with the Hezbollah, so some of the non-states, but I am thinking particularly about Iraq, where I have returned from where that is a very major part of the political debate. Is this simply part of an emerging two-bloc scenario which, ultimately, is breaking down on a sectarian basis?

Sir Derek Plumbly: It is a fear. I do not think boundaries will disappear as a result of what we are seeing now. I do not think any of the states in the region have that in mind. Most of them are fearful of Kurdistan trying to become an independent country and the pull would be against that. But the concern about fragmentation within Syria/Iraq is legitimate; as I said, I do not think anybody or any community is going to win these wars. To avoid it, Iraq would probably have to allow some genuine federalism within an agreed construct. The risk otherwise is that you will have informal fragmentation of the sort you describe.

Q9 **Lord Jopling:** Can we go back to the Iranian nuclear deal, which you referred to much earlier in your presentation when you implied it was approaching a stalemate situation? As I understand it, that lack of progress is due to the United States law which makes it almost impossible for banks to have anything to do with investment where Iran is concerned. You have a situation, as I understand it, where that stalemate will continue until the Congress in Washington changes the law to enable the banks to do business in Iran. The Congress is under very heavy pressure indeed from the Saudis as the last thing they want is for the deal to prosper. I was in Washington when Netanyahu was there and he spent almost his entire presentation rubbishing the deal before it was agreed. The Congress responded with total hysteria and overexcitement. I do not see the Congress being likely to relax the law to allow the banks to virtually implement the Iran nuclear deal. If that stalemate continues, are you concerned that we might find the Iranians going back to an active nuclear programme?

Sir Derek Plumbly: There is a caveat here, that my expertise is not so much on Iran and where it might move. My sense is that within Iran there is a coming together basically, an acceptance of the deal, but a recognition of its limitations and a criticism of the fact that it has not

produced all the benefits they were hoping for or, at least, that President Rouhani said he was going to get. I do not know to what extent this is a question of the Congress and its moves. I thought the Treasury was able to give approval to particular deals or arrangements, and Boeing and Airbus seem to be approaching a point at which they may be able to deliver the aeroplanes that the Iranians were hoping to buy from them. You may be right.

Lord Jopling: I know, for instance, there is a terrible block on maintaining the aircraft they already have.

Sir Derek Plumbly: There was, yes.

Q10 **The Chairman:** Sir Derek, you have given us a lot of wisdom. I have one final question. As Chairman of this Committee, with all this talk of interests, I should have declared mine as an adviser to the Kuwait Investment Office, but that is aside from what I will say. We began talking about UK policy as though we had some control over UK policy, but might we find, in fact, that we will be dragged into this quagmire in all sorts of different ways, regardless of our own wishes and policy? The British military are advising the Iraqis outside Mosul, the British military seem to be involved in aspects in Syria, we are supplying equipment certainly, if nothing more, to the Saudis as they smash up Yemen, and we have British troops in Jordan; we are here, there and everywhere. Will we find ourselves dragged in or do you think we can develop this into a clear policy of selective intervention in the right way for the right purpose?

Sir Derek Plumbly: I hope your report will help to point people in the right direction. I am not of the view that the various engagements you have described are mistaken. They are a necessary part of the response to the challenges you find in these places. If we have the skills, we should work with our allies and partners to try to push things against ISIS in a better direction, and we should engage as best we can to ensure that, when that happens, in the follow-up, the arrangements are politically sustainable. We were discussing with Lord Purvis what happens on the ground to ensure that the follow-up is not less than one would hope on political accommodation, reconstruction and development. I look forward to seeing what you finally conclude on the subject when you have spoken to people who are more expert than me.

The Chairman: You have done your best, which is very good indeed, and we are most grateful to you. Thank you very much indeed.