



Select Committee on International Relations

Corrected oral evidence: Transformation of power in the Middle East and the implications for UK foreign policy

Wednesday 23 November 2016

10.40 am

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

Evidence Session No. 5

Heard in Public

Questions 36 - 48

Witnesses

[I](#): Lord Williams of Baglan, Former UN Under-Secretary-General and UK Special Adviser on the Middle East.

[II](#): Jane Kinninmont, Deputy Head, Middle East and North Africa, Chatham House; Ayham Kamel, Director, Middle East and North Africa, Eurasia Group.

USE OF THE TRANSCRIPT

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

Examination of witness

Lord Williams of Baglan.

Q36 The Chairman: Lord Williams, thank you for being with us this morning. You are on home ground, so it will feel familiar. I am obliged to remind you that the session is open to the public and that a webcast goes out. You will get a copy of the verbatim manuscript. If you want to clarify or amplify it afterwards, that is fine; you are welcome to submit supplementary evidence.

We are asking you to share your thoughts with us as part of a substantial study on which we have embarked—we are about a third of the way through—on the changing power patterns of the Middle East at a fundamental level. In an earlier hearing, I talked about rolling up the map of the Middle East as though it will not be needed in the future, but perhaps it is more recent than that. It is not just the map of 1918, post First World War; it is the entire map in a globalised system—the rising power and influence of Asia, the involvement of Russia in its non-communist form, the interests of America with its new President and many other influences besides. The whole pattern is shifting radically. That is where we start from.

I will begin with a top-of-the-pile question: what do you think the Trump arrival will do to the whole scene? I know that it is early days, but are we looking ahead to a clash of UK and US interests? How does the United Kingdom carve out a distinctive role, and is it right to seek one at all, in this new and very confused scene? That is a general question, but with an emphasis on the American involvement, which of course has been decisive.

Lord Williams of Baglan: Thank you, Lord Howell. Certainly the situation on the ground is very confused, challenging and threatening. What will be the impact of the Trump presidency? It might surprise you if I say that, in some instances, the difference may not be that marked from the Obama Administration. Let me give you an example, and one of my main concerns: the collapse of what we used to call the Middle East Peace Process. It simply does not exist any longer. The Quartet goes through the motions of meetings, but there are no substantive discussions between the parties—the state of Israel and the Palestinian Authority. That has held for some time under President Obama. He looked at it early on, met with Benjamin Netanyahu and decided fairly soon afterwards that it was in the too-hard-to-achieve-anything box. Trump will inherit that, except that I think he sees no point at all in the Middle East peace process, which is bad news.

The other element where there will be some continuity will be in the response to ISIS. I take it for granted that the air attacks against ISIS in both Iraq and Syria will continue. There may be a somewhat greater deployment of Special Forces on the ground, although I would not expect that much. Where I think there is a possibility of Trump wanting to try to do something is not in the Arab world per se but with regard to Iran. He has made many statements about the nuclear agreement between Iran

and the P5¹ plus Germany, saying that it was a sell-out and so on. What he can do about it, it seems to me, is limited. If he were to try to extricate the US from that agreement, that would lead to contention not only with Russia and China but with the US's key allies, such as the UK and France. But he may try to do something on Iran. I think that is a distinct possibility.

The Chairman: We want to come to the Iran deal in more detail later. You say that it will not make much difference, but Mr Trump has said very clearly, even since he was elected, that his view is that to crush ISIS, as it were, he is going to have to work with rather than against President Assad and that the focus must be on working with the Russians and Assad. That leads to all sorts of other connections, because Russia and Iran are on the same side on other aspects. That has not been British policy. British policy has been that we have two forces to resist: Assad is one and ISIS is another. Can we really hold to that if the American purpose becomes much more selective and aimed just at ISIS?

Lord Williams of Baglan: I think the answer is: with great difficulty. In any theatre of war, it is hard to contend with two separate forces—in this case, as you rightly say, ISIS and the Assad regime. What to do? Clausewitz, the great German theorist of war, taught us centuries ago that, in essence, there are only two choices: you beat the enemy on the battlefield, so that he surrenders, which is all very clear; or you ask, “What are your key points? Here are mine”, and you negotiate. I am still stumbling to find a third way.

I also have to say this, with considerable regret, because this man is appalling. In the 1990s I worked with the UN in two operations in the field—later on in the Middle East, but there are two that I want to bring to your attention. One was Cambodia. We negotiated with the Khmer Rouge, who killed a lot more people than Bashar al-Assad, in the most appalling circumstances. Then, for my sins, I moved to the former Yugoslavia. Mr Milosevic was later arraigned before the court in The Hague, but we negotiated a settlement with him, despite knowing what had happened in Srebrenica, where 7,000 men and boys were killed in 24 hours. We have to confront these uncomfortable facts of warfare if we want to fight a battle against Assad.

Lord Jopling: Over the last month, there have been various—how can I put it?—expressions of endearment between Mr Trump and Mr Putin. As the Russians are now so heavily involved in the Middle East, which they did not used to be, how do you read that relationship? Is there any chance of having a rather warmer relationship with Russia?

Lord Williams of Baglan: With great difficulty. Having invested in Syria in a big way—as you rightly pointed out, Chairman, very differently from previous Russian or Soviet leaders—he is not going to pull out. His feeling, rightly or wrongly, is that Assad has been through the worst and the West is weak. Despite the fact that Russia is not a strong economic

¹ The five permanent members of the UN Security Council

power, it has used its military might to change facts on the ground. I think that Trump feels that this is somebody with whom he can do business, which, as the Chairman pointed out, seems to be reciprocated by the President Putin. I am not sure whether the Pentagon will be happy with joint air operations with the Russians. The President-elect might face some difficulty there once he is installed in the White House, but there will be a degree of co-ordination that we have not seen before.

Lord Hannay of Chiswick: Perhaps I might pick you up on your analogy with Cambodia and Bosnia, because it is quite instructive. You are quite right that in the Paris agreements the Khmer Rouge played a part, but they were then completely cut out when they failed to honour those agreements and they disappeared from the map because they unwisely shelled the Chinese engineering battalion and that was the end of them. In a way, it was an agreement made in bad faith, because the Khmer Rouge did not survive. Milosevic did not survive either when he made some mistakes about Kosovo. Are you saying that we might have to do a deal with Assad but that we should do so in bad faith and in the belief that he will be swept away quite rapidly because a lot of Syrians simply will not accept the deal?

Lord Williams of Baglan: That would be my hope, obviously. You are right about what happened later on with regard to the Khmer Rouge and Mr Milosevic, Mr Karadzic and those gentlemen. That was not to be known, however, when those agreements were signed. We signed agreements in good faith with people who had committed mass murder.

The Chairman: Just to finish on this, you are talking about deals that you had to make—holding your nose, as it were—with participants in these crises, but is not the difficulty in the Middle East about with whom you are supposed to do the deal? The Middle East was described in this morning's papers as being a chaos of paramilitaries, all fighting each other. Where do we start?

Lord Williams of Baglan: That is a good point, and that is a big difference, for example, from my examples of Cambodia and Bosnia in the 1990s. The crisis in Cambodia was largely contained within that country, and although the Bosnia crisis had some echoes around it, as it were, it is not like that in Syria. What we see in the Middle East, and one of the greatest challenges, is essentially collapsed states to varying degrees—Syria, Iraq, Yemen and Libya. It is difficult to see nation states, as we understand that term, in control of all their territories, coming back in future years. Iraq has been like this since 2003 now, with at least three entities within it. If there is a political agreement in Syria, it is difficult to avoid the Assad question. If not, things might settle down or degrade, depending on your point of view, to contending theatres of war and spheres of influence within the country.

The Chairman: It leaves a very puzzling scene. Lady Coussins?

Q37 **Baroness Coussins:** Lord Williams, how uncomfortable is it, or should it be, that the UK has authoritarian regimes such as Saudi Arabia and other

Gulf states as allies? In other words, to what extent does the fact that an ally, or a potential ally, is an authoritarian regime feature in our analysis of our long-term interests and, indeed, our image in the country? Is there any alternative? To what extent is it possible to exert influence and leverage over those states through an alliance?

Lord Williams of Baglan: That is a very good question. It is difficult to know where to start. In an ideal world, we would deal with fellow democracies. In my career, I concentrated on two areas: the Middle East and Southeast Asia. The good news is that I have seen much change in Southeast Asia, with countries such as Indonesia, now the largest Muslim country in the world, being thriving democracies. We have nothing like that in the Middle East, with the possible exception of Lebanon. The State of Israel, of course, is a democracy.

That apart, we have uncomfortable regimes and states to deal with. We have had close ties with the Gulf countries. Having served in government as adviser to three Foreign Secretaries, I know the security issues. I also know that in Saudi Arabia you cannot profess any other faith than Sunni Islam. You could not be a Christian, a Hindu or a Buddhist. You could practise privately but in no other way. There is no opposition, no element of democracy in any meaningful way, it seems to me. The Gulf states are somewhat different. The last time I was in the Emirates, I was taken to see a Sikh gurdwara. There is a temple there because there are Sikh workers there. There are also some churches and other places of worship for different faiths. They do not have that in Saudi Arabia at all and I am uncomfortable with that. As a former UN civil servant, and knowing that the Universal Declaration on Human Rights and so on do not matter, that has to leave the UK in a difficult position.

Baroness Coussins: Is there an alternative?

Lord Williams of Baglan: One alternative is to try to press for change. That would not be easy. I do not think President Obama felt very comfortable dealing with the Saudis. By contrast, I think President Trump will have no discomfort there. It is something I struggle with. In the Foreign Office and elsewhere in the agencies and so on they have some enormously difficult challenges because of the threat from ISIS and al-Qaeda. To some extent, I am glad I am not in policy-making at the moment.

Lord Grocott: It is interesting to me that someone with your depth and breadth of experience uses phrases such as, "That is something I struggle with", and, "I am almost glad I am not doing it any more". Given the almost unremitting involvement in one way or another of Britain in the Middle East in all its guises and phases, and the involvement of the Foreign Office and Foreign Secretaries over so many decades, over whatever timescale you would like to observe, how many marks out of 10 would you give British strategy and the effectiveness of its policies in the Middle East? Before we look forward, we need to be a bit critical, do we not?

Lord Williams of Baglan: That is probably right. When I look at human rights policy under this Government and their predecessors since the mid-1990s, they all paid greater attention—which I certainly welcomed—to human rights. We saw that in Africa and Asia and saw much done to strengthen human rights in countries there. When it came to the Middle East, we saw some things as too difficult to handle. Without being overly critical of former colleagues in the Foreign Office, there is a tradition, which is to be commended in many ways, of the so-called Arabists—the great linguists and the people who know these societies—but perhaps in a way they know them too well and know how difficult they are to change. But change has come in untoward ways in the region, and we are paying a price for having been too close to some of these Governments in the past.

The Chairman: There is one more question on this before I bring in Lord Hannay. Lord Purvis?

Lord Purvis of Tweed: Good morning, Lord Williams. Continuing the general theme before we get to the specifics, do you have a view on the fact that our approach now seems to be that we are spending a lot more on humanitarian assistance in the region—

Lord Williams of Baglan: Correct.

Lord Purvis of Tweed: —at the same time as relying more on our traditional, historical relationships with the monarchies in the region? We almost have the dichotomy of wanting to buy soft-power good will in the region by a massive amount of humanitarian assistance while at the same time, slightly paradoxically, developing a much stronger, closer link with traditional monarchies rather than on a wider thematic political basis.

Lord Williams of Baglan: The Middle East is full of conundrums. It is an observation that the monarchies have survived better than the secular republics. When you look at Syria, Iraq and even Egypt, Sisi is not Mubarak and the resilience of that regime is still to be demonstrated. The Foreign Office has to deal with the Governments who are on the ground, and most of those are monarchies. We have some strong allies, such as Jordan, a country that we have not mentioned and which is far more moderate in its internal politics than Saudi Arabia, for example, although, as I mentioned, there are some positive trends in the smaller Gulf states. Could you go back to your question?

Lord Purvis of Tweed: I just wondered what you thought about our dichotomy. If we do not have the same level of political influence in the region, we have almost by proxy replaced that with massive humanitarian assistance, especially in the Syrian conflict, but at the same time we have reverted to historical, traditional political links, which are predominantly with monarchies.

Lord Williams of Baglan: I would like to see us being more active in the region. Despite what I said with regard to the Middle East peace

process, it is important for the UK as a P5 member to try to do something on its own but also with allies and within the UN. We will pay a price for allowing this process to collapse, and it is not as though there are not enough difficulties and dangers in the Middle East already.

I would like us to do more with regard to the Palestinian Authority. We are already doing a great deal there—you mentioned humanitarian aid. A little more political robustness is required with the Government of Israel, and it should be pointed out that it is in their interests to see a negotiation with the Palestinian Authority. Abu Mazen—President Abbas—must be well into his early 80s now. My prediction is that, after him, there will be a struggle within the Palestinian Authority between the old Fatah movement and Gaza and the Brotherhood there. That will not look good. So anything we can do now to invest politically in the Palestinian Authority, with or without allies, would be a very positive step forward.

Perhaps there is more we could do with Tunisia, for example, which has been one of the better outcomes—some would say the sole good outcome—of the Arab spring. There is bilateral aid going there. It is a small country. Traditionally, it has been more under French influence, but that is not to say that we should not be more active there.

The Chairman: The words “Is there anything we can do?” hang in the air. Lord Hannay, this is your question.

Q38 Lord Hannay of Chiswick: Perhaps we could switch from the immediate and short term to the somewhat longer term and ask you to comment on whether there are any multilateral initiatives or frameworks in the region that should or could be used to try to mitigate against the sharp disagreements, for instance between Saudi Arabia and Iran. Are such multilateral approaches feasible? Do they get anywhere or are they a complete waste of time? Should they be part of the British Government’s medium and long-term objectives—not short-term because clearly that is completely unrealistic—or should they simply not be there?

Lord Williams of Baglan: I think they should be there, although one starts from a lower basis. The regional organisation is, of course, the Arab League. At some point in your career, David, I am sure you must have been to the Arab League headquarters in Cairo. You have not? Oh, a pleasure denied. You walk into that room and you feel the ghosts of the 1950s around you: Nasser and so on. It is a lifeless body. If you look at other regions, ASEAN² in south-east Asia or the AU³ in Africa, for example, are lively bodies. The Arab League is anything but, and moving that forward will be difficult. One can look to the UN perhaps to do more.

You mentioned Iran and Saudi Arabia. Of course, Iran is a Muslim country but not Arab. That is a rift that is very dangerous. Their proxies are fighting in Syria and, for that matter, in Iraq and Yemen. It is dangerous, and I would like to see whether there are ways to move forward on that,

² Association of Southeast Asian Nations

³ African Union

perhaps under UN auspices. We have had a successful negotiation with the P5 and Germany, but we need to build on that in ways that are not clear to me, I am afraid. If there was a chance of any immediate improvement in Iran itself, that would help, but I do not see it at the moment.

Lord Reid of Cardowan: What about the GCC?

Lord Williams of Baglan: The Gulf Co-operation Council? Of course, that is an alliance of the monarchies. Are there any non-monarchies in it? I do not think so. It has a good relationship with Egypt. It is livelier than the Arab League that is for sure. It represents a wing of the Arab world—the monarchical wing—and it has a basis of co-operation with its members, but the countries in the region that are most in need—Syria, Iraq and Libya—are not part of it. I think Yemen has some sort of association now. The UK, of course, has ties with the GCC, but I go back to the point that the regional organisations and capabilities are weaker in the Middle East than in most areas of the world.

The Chairman: The Saudis announced last year, with much trumpeting, a new alliance of 30 states that were going to work together to bring peace to the Middle East. We have not heard much more about that. What about the OIC—the Organisation of Islamic Cooperation? Does it play any role?

Lord Williams of Baglan: The OIC certainly does. I am not sure we will hear anything further about the grouping that the Saudis brought together last year. It was a curious grouping. The Saudis are good at pulling a meeting together. Building an organisation is not necessarily one of their stronger points, and I do not really see that going forward. The Organisation of Islamic Cooperation certainly has possibilities. It includes a lot of countries, including some in Asia that are democracies: Indonesia, Bangladesh and Malaysia. These countries have histories and politics whose experiences should be drawn on, if at all possible, by the Arab world.

Lord Hannay of Chiswick: In your experience, have you ever seen any more sign of life in the Organisation of Islamic States than there is in the Arab League?

Lord Williams of Baglan: Not much more.

The Chairman: We are talking in a 20th century context of what the West and Britain do in the Middle East. Are we on the wrong track altogether in the 21st century? Is this not a play area for the rising powers of Asia—China and Russia—rather than the West?

Lord Williams of Baglan: You make a very strong point, Chairman, because the main actors in the region now are not Arab, and they are certainly not western. The key players in the struggles that unfold before us on the television and in the newspapers and so on are Russia, Iran, Turkey and, to a degree, Saudi Arabia. The first three are the most

important. This is really new. Iran has been building up its regional strength, above all through its key alliance with the Lebanese Hezbollah, but also with Assad. Hezbollah, which I had to deal with for three years in Lebanon as the UN special representative, is the most heavily armed non-state actor in the world. It has some kit that the smaller NATO countries do not have. It has ground-to-air missiles, with substantial ranges. It is known to have dabbled in chemical warfare research, and so on. Iran is there through Hezbollah. I have no doubt that it does not particularly like Assad, but one of the key reasons it is fighting there is because the pipeline between Iran and Lebanon would be broken if the regime fell. Russia is far more active. Turkey, which almost forgot the Middle East after 1918, with some good reason, has emerged again as a player. It is a big player in Syria and Iraq and is trying to build up alliances in the Gulf. To be fair to Erdogan, when Turkey looks west it sees a Europe and an EU where it is clearly not welcome and it has drawn a conclusion from that.

Lord Reid of Cardowan: I am interested in your use of the expression, "This is new", because the description you give is more fitting to a reversion to pre-1914, to the Ottoman and Russian Empires and the Persian element. It is almost as though the lines that were drawn on the map in 1918 have been, in historical terms, 100 years transient.

Lord Williams of Baglan: There is some truth in that, and it is worth bearing in mind that they were not the only lines drawn in 1918. Lines were drawn in the Balkans, and we saw what happened there in the 1990s. Having said that, there is still a fear, almost across the board, about any formal revision of borders, because people know that therein could lie even greater danger, and that has always held the West back with regard to the Kurds.

Lord Reid of Cardowan: But within these lines there is disintegration into pre-1918 elements.

Lord Williams of Baglan: Yes, and one thing that has come back in a big way is the Russian element, which was there under tsarism but which Soviet leaders through Stalin and up to the present day were not particularly preoccupied with, although under Khrushchev it developed a relationship with Nasser and what was then the United Arab Republic. But it has not been a major sphere of influence for Russia.

Lord Inglewood: My question arises out of what the Chairman and Lord Reid said, which is if we are going back to a pre-1914 era, perhaps the biggest change from our point of view is that we are no longer what we were pre-1914. Are we suffering from a folie de grandeur, overreaching ourselves in thinking that we should have significant influence in this part of the world?

Lord Williams of Baglan: That is a good question, and we have to be honest about our own interests. We have interests in the region, but we have to be honest about our capabilities, which are less than they were. We have a huge body of expertise in the FCO, the agencies and so on,

that we can draw upon and which we need to draw upon, not least because of the security challenges from the region, which are so great. But extending that to being a big political player on the ground really stretches us, and we will not be helped by the fact that it is likely, if not probable, that President Trump will lead the USA to be less involved in the region. France is not as active as it used to be, although it maintains particular concerns with regard to the Maghreb countries, for obvious reasons. We are in a conundrum. There are real threats and challenges to us stemming from that region, which necessitate our engagement. We have to be aware of what we can do, and we have to try to engage with an array of countries and not limit that engagement to Gulf monarchies. Despite Erdogan—I know that Turkey is not an Arab country but it is a big player in the region—we will have to try to involve ourselves with Turkey.

The Chairman: Just to press you on that question, you refer to interests in the region. How did we get dragged in after the First World War? The Suez Canal, oil, the Indian Empire—all these 20th century goals and concerns. What is the interest now?

Lord Williams of Baglan: You are right when you set that all that out—we fought a war over the Suez Canal in the 1950s. I go back to the challenges and strengths in the region. A lot of the jihadi threat that we in this country and our European partners face comes from that region. That is something we cannot neglect. There is the question of refugees, which we have not touched on at all, but the huge wave of refugees over the past several years has come largely from the Middle East. That in itself necessitates us, in conjunction with allies, to do what we can to bring stability to an extraordinarily unstable region, which is more unstable now than at any time since 1945.

Lord Purvis of Tweed: Are there any areas that you think could have a greater salience than just state interests when it comes to regional co-operation? Not that long ago I was in Baalbek, which you will know very well—

Lord Williams of Baglan: Very well.

Lord Purvis of Tweed: —and the topics of conversation there were water supply, water diplomacy, internally displaced people and internal boundaries for countries, which are common across many countries in the region. Could any of those get close to the state interests that you mentioned? You eloquently said that there would be difficulties in having state interests in regional co-operation. Are there other areas that, over the next decade or so, will have the salience, or will it always be state interests?

Lord Williams of Baglan: I regret to say that I think we are largely in that sphere. You mentioned Baalbek, where there are real water issues. I am also thinking about Baalbek, because nearby Hezbollah has a huge arsenal of ground-to-air and ground-to-ground missiles. In the days when I used to trade back and forth between Lebanon and Israel, the Israelis

were always showing me photographs of what really was behind those wonderful ruins from classical times. This is difficult. I would like to see us do more for Lebanon. It is a small country but one where religious tolerance still reigns and where Christians can practise their faith in complete freedom, as can others. I wish I could say that there were other Arab countries where we could do that, although Jordan is another and to an extent Egypt as well.

Lord Hannay of Chiswick: Am I correct in characterising your response as saying that the difference between pre-1914 and now is that then we were an independent actor with acquisitive and fairly aggressive intentions in Iran and in the Middle East and today we are a protective and defensive middle-rank player who will need to work with other people of a similar kind if we are to achieve our objectives? Have I got that right?

Lord Williams of Baglan: You have got it very right. Those days are now history and long past, and in most ways that is a good thing. The problem is that other actors in the field have that old imperial attitude, if you like: taking gambles and risks for what they see as assets and goals that can be achieved. I think that is particularly the case with Russia, Turkey and Iran.

The Chairman: You mentioned right at the beginning the eternal issue of Israel-Palestine.

Q39 **Lord Grocott:** You have already touched on Israel and Palestine. We would like to speculate a little about a new President coming in. I think you have already said that whatever the intentions and the actual achievements of previous Presidents might have been—going back a little way, President Bush said that there would be a two-state solution within a couple of years during the last two years of his presidency—is it right that to some extent states, including the United States, have almost sub-contracted an element of their foreign policy to the quartet? The quartet has been looked to in order to sort a number of things out, but it has had rather a mixed level of success. The real question is that if you are right and the Trump presidency fails to move things forward in the way previous presidencies have, do not the terms of trade none the less change continually, because every expansion of a settlement makes any two-state solution less and less likely?

Lord Williams of Baglan: Yes, that is my fear. You are right that it has been 10 years since an effort was made, latterly in the second George W Bush presidency. I was present representing the UN at a meeting that was called in Annapolis, and it was quite some gathering. Bashar al-Assad was there, by the way, as were all the Arab Heads of Government. A process began at that meeting that for a time gained traction on the ground. The Israelis woke up to the American pressure, but sadly that was in 2007 and Bush had only around 18 months left.

Since then, we have never recovered. Obama saw it as being too difficult, and I do not expect any real initiative at all in this regard from President-

elect Trump, which leaves me worried. For the UK, that needs to be something of concern, and despite Brexit I would hope that this is one of the areas of foreign policy where the UK can continue to engage with European partners, not least of course because people do not always realise that because of Brexit we will drop out of a number of international arrangements. The quartet is the US, Russia, the EU and the UN, of which we are a member along with 190 other countries, but I think that our standing is somewhat reduced by coming out.

Q40 Baroness Smith of Newnham: To an extent you have pre-empted the question I was going to ask but you pre-empted it right at the start by saying that even under Obama the quartet has effectively ground to a halt. On that basis, does the UK leaving the European Union and therefore leaving the quartet matter so much? You say that we need to find a mechanism for remaining engaged in the Israeli-Palestinian question, but is the quartet the way forward, or is there another model that you think we should be promoting?

Lord Williams of Baglan: The quartet is certainly showing its age, and there is always the fear that as the years go by and diplomatic mechanisms of conflict management are unable to demonstrate progress, they are increasingly held in lower regard. That is a danger with the quartet. The two strongest powers within it of course are Russia and the United States, but it does not seem to me that either Putin or Trump will pay too much regard to it or to a peace settlement between Israel and Palestine. I hope for the sake of the region that I am proved wrong in that regard, but I do not really see much sign of it.

Lord Hannay of Chiswick: I agree with what you say about the quartet, but would you also agree that if we began actively to try to replace it, the worst possible reason for doing so would be because we were not there ourselves, although it would be the most likely one to motivate us? That is not a happy prospect. If we were to assume that the quartet either disappears or becomes completely inactive, would you agree that probably the only meaningful way forward would be for the three main European powers to try to keep the process alive by working with the Russians and the Americans, however disengaged they are, and of course the parties on the ground. Ironically, post-Brexit we might find ourselves working more closely with the Europeans, not further apart from them.

Lord Williams of Baglan: We could do that and I would view it as a happy outcome. It would need some careful management. Our friends in Paris and Berlin, at least initially, might be fearful of allowing the UK back inside through the back door and of what reaction there might be from Brussels, but the Middle East is a region that still operates under the old diplomatic rules. They kind of respect power, or wake up, when they see it happening. Were an initiative to be brought forward by the UK, France and Germany, that would certainly be noted. They are the most powerful military, political and economic countries in Europe, and I see an enormous degree of merit and attraction in that idea. Given the political strength of Chancellor Merkel and the fact that she is now happily going forward to a fourth term, that would be very good.

The Germans, to be a little discreet here, have played niche roles on the ground. One of the few remarkable places where there is stability in the Middle East, although I do not claim much credit in that regard, is the blue line between Israel and Lebanon—between Israel and Hezbollah. An extraordinarily vicious war was fought there in 2006, with huge numbers of casualties, and with the Israelis themselves shaken by the fact that there were incoming Hezbollah missile attacks on Israeli cities. Nothing has happened since, except very minor incidents that were not the responsibility of Hezbollah. It shows what can be achieved in diplomacy even between old foes.

The point I wanted to get back to, without going into all the detail, is that Germany and the German services have played an enormously important role in helping to maintain the peace there and in solving the question of Hezbollah prisoners in Lebanon and the return of Israeli war dead from Lebanon to Israel.

The Chairman: Lord Williams, you have struck one of the rather slim notes of optimism in an otherwise gloomy scene on an otherwise rather grey day. You have shared your wisdom and experience with us but have left us feeling not terribly cheerful about the Middle East scene. But there are, as you say, some glimmers. Maybe by some miracle the Lebanon balance will continue in balance, by some miracle Israel will not invade Lebanon and by some miracle Israel and Palestine might improve, but it all looks like very slim pickings. We are very grateful to you for sharing your enormous experience with us, and we will have to plunge on in our inquiry to try and see where the possibilities, however faint they may be, lie for building the positive side of the Middle East.

I would just add a personal view. One goes to the Middle East Gulf states and one sees developments that are 100 years ahead of us, such as the Pearl-Qatar and other fantastic constructions. These are gigantic cities, with vast skyscrapers. Reconciling that with the slightly "Tyre and Sidon are no more" view that we are permeating is a difficult dilemma.

Lord Williams of Baglan: It is, and I am sorry I could not bring more happiness to any consideration of the Middle East. It reminds me that I started doing my doctoral thesis some 40 years ago on Lebanon and political sectarianism, believe it or not, and then I was evacuated because of the first Lebanese civil war. My professor, Bernard Lewis, at the School of Oriental and African Studies, said, "Forget the Middle East dear boy. All my life I have struggled with it and it has brought me nothing really. Go to the world's largest Muslim country". I did not even know which that was, but it was Indonesia of course. I went there and did my PhD, but as I was going through the door he said to me, "Good luck with that. I am sure you will succeed. But just remember, the work will always be on the Middle East".

The Chairman: On that note, thank you very much for being with us. We will move in to the next session.

Examination of witnesses

Jane Kinninmont and Ayham Kamel.

Q41 The Chairman: Good morning Jane Kinninmont and Ayham Kamel. Thank you very much, both of you, for joining us. We very much appreciate it. I should say formally before we begin that this session is open to the public. It is recorded and there is a webcast of it. You will get a copy of the transcript, and if you want to make any alterations or add points to it, you are very welcome to do so. Those are the formalities.

We are engaged in this Committee in an ambitious but necessary survey and analysis, and eventually a report, on the totally transformed conditions in the Middle East not only in the last 50 years but in the last 10 and even five years, and even as we are talking now. They create entirely new dilemmas and questions for policy, demand entirely changed attitudes, and certainly make us rethink the UK's approach to all the different strands and complexities of Middle East policy. We are getting some evidence of a very mixed kind, which provides us with very few signs of clear paths forward for policy or for prospects in the region.

That is the background against which we want to ask you some questions. In particular, I will start with a question to you, Jane Kinninmont, if I may, on the latest new complexity jetting itself into the Middle East era, which is the arrival of a new President-elect with entirely different views on who should support whom and what should be done or not done in the Middle East. Would you just like to give us a general reaction, although it is early days, on how this will all work out and whether it will throw our own policy here in the UK once again into the melting pot?

Jane Kinninmont: Thank you for the question, Lord Chairman. Of course, it is very early days to be assessing the impact of Donald Trump on the Middle East, but I believe that in the Middle East his arrival is generally regarded as being somewhat less disruptive than it is in many other parts of the world. Donald Trump's actual foreign policy positions are still fairly unclear. He made many statements in his campaign that were contradictory, including his statements about the Iranian nuclear deal. He has been quite consistent over the years in advocating support for strong men, including certain Middle East strong men who he has said are at least forces against terrorism. He has cast doubt on the value to the US of providing the security guarantees that it provides for its allies.

In general, Donald Trump has shown no interest in upholding the rules-based liberal international order that most US Presidents since the Second World War have wanted to uphold. Most US Presidents are viewed with extreme cynicism by many people in the Middle East. They are not seen as supporting liberal values, international law and human rights, and I think for many in the region, he is not seen as being as much of a change as he is to people who are watching from Europe or from Asia. The ruling elites in the region seem to be largely able to overlook his rhetoric on Muslims. I notice that al-Arabiya reported that his campaign team had tipped off Gulf embassies in Washington during the campaign.

to say that they should not take what he was saying on the campaign trail literally.

I undertook my own recent visit to Saudi Arabia in October, and convened a meeting to discuss US policy in the Gulf last week with participants from Saudi Arabia, Iran, Turkey and other parts of the region. The consistent view was that he is a businessman, he has been doing a marketing campaign and we do not need to believe what he says. The rulers of the region are generally also attracted by his focus on strong men, and they are hopeful that the US will be less interested in values promotion and democracy promotion. But this will run into difficulties, of course, when it comes to the Russian role in Syria, which most of the Governments in the region are quite firmly opposed to, and where, as I am sure we will discuss later, it is still not that clear that the US and Russia will be able to find sufficient common interests to reach a deal. At a more popular level, the Islamophobic rhetoric resonates more and will make it more difficult for leaders to be photographed doing handshakes, visits and so forth. The prospect of increasingly visible xenophobia in the US may well be a recruiting tool for ISIS and like-minded groups.

The Chairman: That is a very interesting illumination on this very confused scene. Might not the sharpest contrast be between the fairly strong UK, or Foreign Office-driven, view that Assad must be opposed and indeed deposed while at the same time we are trying to get rid of and attack Daesh—ISIS—versus the strong feeling that is coming from the American presidency now that you can only aim for one target at a time, and that Assad must be recruited, along with Russian and indeed Iranian support, in crushing ISIS? There does seem to be a huge policy conflict coming up there, or is there not?

Jane Kinninmont: That is true, but different parts of the US Administration have been sending very mixed messages for some years, with senior members of the military saying quite openly to Congress and others that regime change in Syria would not necessarily be in US interests, and the expansion of ISIS has only reinforced that view. It is part of a longer-term tendency to regard ISIS as the number one problem for US interests in Syria. The problem of course is that it is more complex than Russia doing what it says it is doing and fighting ISIS. Its support for the regime and its fairly indiscriminating attacks on opposition of all hues is judged by many analysts to be helping to drive extremism and to radicalise the formerly moderate opposition. It is quite unclear whether the new US President and his as-yet unknown team will appreciate that complexity.

The Chairman: There is one more contradiction in this story. At this moment, the Americans are co-operating with the Islamic Revolutionary Guards outside Mosul in trying to attack that city. As we have just heard, if they want to bash Daesh they will have to work with the Iranians, but at the same time Mr Trump obviously does not like the nuclear deal with Iran at all, which we will come on to in a moment. There seems, again, to

be a glaring clash there that simply does not add up.

Jane Kinninmont: Absolutely, but again US policy has been full of contradictions for some time. In Iraq and Afghanistan, there have been shared interests, even under President Bush. Under Obama, it has come the closest to resembling co-ordination, and that may well be harder. We also have an Iranian presidential election coming up next year. Although that will not affect the make-up of the Revolutionary Guards, it might be another factor that could lead to more US-Iranian tensions, affecting all these fields.

The Chairman: Mr Kamel, would you like to come in on the Trump issue briefly?

Ayham Kamel: Sure. Thank you for this and for inviting me here. First, I do think that there will be a lot more continuity than we believe in a Trump Administration, primarily because the current set-up of military bases in the Gulf will continue to exist, probably in the same way it exists today. The Trump policies on a host of issues will probably disturb the partnership that the US has had with the Gulf states for over 50 years. Traditional partnerships, such as that between the US and Saudi Arabia in particular, have been, let us say, revisited with the Obama Administration, reflecting a long-term tendency not to disengage or abandon but to reassess the foundations of those strategic partnerships. There is no solid US commitment to the security of these regimes, no matter what confrontations or challenges they face. The Mubarak lesson is still very much alive, which is that Saudi Arabia and the Gulf countries no longer have a blank cheque from the US. That is driven partly by US energy independence but partly by Saudi tendencies and links between radical organisations in the Middle East and Saudi Arabia.

There is a broad departure and a slow pivoting away from the GCC. Trump was not the favoured candidate of the members of the GCC and the Gulf countries in general; Hillary Clinton was. However, they are not price makers; they will accept and adjust to a Trump presidency as it comes. There are major contradictions on key issues, primarily in Syria, which is defined by Saudi Arabia's royal family as a key strategic challenge, and containing Iran's spread in the region is focused on preventing Assad from emerging victorious. So Trump does pose a challenge in relation to a key security issue for Saudi Arabia and co.

The US has been incrementally disengaging and limiting its involvement in the Yemen war, and Trump would accelerate that in many ways. That will challenge the GCC. The key state that will be perceived as a partner will naturally be Egypt rather than Saudi Arabia, primarily because Trump has echoed his belief that Islamism is a threat. No matter how it is defined, the current nominations that we have been looking at over the past few days show that Trump himself is not likely to change his position. The core view is that Islamism is the prime threat in the Middle East and needs to be dealt with; authoritarianism is not.

The Chairman: That is very clear. Can we just move on a little? It used

to be all about oil, but has that changed?

Q42 Lord Jopling: It still is about oil quite a lot, is it not? I wonder how you read the oil market, given the new Administration in Washington with a President who no doubt will follow the view of the Congress. Congress does not like the Iran deal at all—certainly the Republicans do not. Presumably North America will continue to try to make itself more and more self-sufficient in hydrocarbons through fracking and so on. How do you read the oil market, particularly with regard to OPEC?⁴ How do you think OPEC is likely to respond to this? We have read in the papers this morning that there is the possibility of a new deal with OPEC and that oil prices have gone up by around 10% over the past few days, up to around \$50 dollars a barrel. Can you talk us through how you read the oil market, which is still crucial to our relationship with the Middle East?

The Chairman: We would like both of you to answer this question.

Jane Kinninmont: OPEC is less powerful than it was in the past because of the long-term expansion of non-OPEC supplies, so a critical factor will be whether some co-ordination is achieved between Saudi Arabia and Russia. Various meetings have been held to discuss energy policy over the course of this year. The two countries have obviously been very keen to send each other a clear message that despite their political differences they are willing to work together when it comes to certain energy and economic issues.

Lord Jopling: Just to interrupt you for a moment, are not both of those economies in serious trouble largely because of the fall in the price of oil?

Jane Kinninmont: That is right. The Saudi leadership is talking in a bullish fashion about weaning itself off oil, but it is a long way from reaching that point. At the same time, the focus of Saudi oil policy since late 2014 has been on maintaining market share, and for that reason it has resisted calls from others within OPEC to make cuts that would give everyone some more income. Another fortunate effect of that from the Saudi point of view is that it has made the US shale industry less commercially viable, although it is now starting to bounce back somewhat. It is not clear that Saudi Arabia would want any dramatic reversal in its own policy, but the recent small rally in oil prices is helpful to it at a time when it has had to cut public sector pay very substantially.

Ayham Kamel: The structure of the oil markets is making it increasingly difficult for Saudi Arabia to control price movements. Also, the shifts that we are currently seeing are short-term in nature and are unlikely to last, in particular because of the nature of the US shale industry. I think we will see a very quick response from that industry to any price increases. OPEC's current policy is to support, through a marginal cut in production, a recovery or rebalancing process in the markets. However, the core problem we face is that there is an excess of supply and no clear strategy for cutting output or managing a movement towards equilibrium. What

⁴ Organization of the Petroleum Exporting Countries

we have seen so far of the structure of the US-Saudi relationship and the US drive towards energy independence is a prime factor that makes the US less reliant on the GCC countries, less interested in maintaining the same level of partnership, and thus less willing to carry the liabilities that come with partnering with monarchies. Having said that, there is no quick way in which the US will disengage from these countries; nor is there any interest in doing that. This is very much an incremental process that will take a long time.

The Chairman: Does this new world of lower oil revenues point to increasing political chaos in all the countries that have hitherto managed to maintain stability by handing out money? Given that the world is awash with oil and that peak oil demand is coming along, surely the chances of a return to oil at \$100 a barrel are very slim indeed. Are we not looking at an almost certain pattern of increasing political instability in all these countries, which hitherto have maintained stability by dishing out benefits and so on?

Ayham Kamel: Absolutely. The GCC states face an acute challenge in restructuring their economies. There is interest in and a willingness to pursue structural reform in order to cut liabilities and change the shape of the social contract, because they need to move away from dependence on oil. The next 15 years will be about the GCC states borrowing more money and using some of their reserves to finance their budget deficits as well as cutting costs. The challenge is one of becoming societies and economies where the state does not provide all the services, benefits and welfare systems that it once did, while at the same time preventing the rise of any channel of opinion or participation in these societies. That is going to be quite difficult. Do I anticipate a level of protest? Yes, but generally the Gulf monarchies will be able to contain it.

Lord Hannay of Chiswick: Do you agree that there are two important oil producers in the region, Iraq and Iran, which in the period ahead will be pumping every drop of oil they can get out, probably in increasing quantities because they are both at very low levels of their potential? They will therefore have a major depressive effect on oil prices throughout this period.

Ayham Kamel: Absolutely. Over the next few years it will be difficult not to perceive OPEC as becoming a very different organisation. Saudi Arabia is no longer in control of OPEC. Not only is that true, but OPEC has much less influence over oil prices. Iran and Iraq want to increase their production, but they are capped by their own domestic challenges. In Iraq, the challenge is payments to international companies that will not massively increase their production unless the infrastructure is in place. Iraq is years behind the curve on that. The Iranians face very significant challenges in attracting foreign capital and getting international oil companies to invest in the country, which is key to increasing long-term production. In both cases, there are caps on how much they can produce and how much they can increase production, especially in the context of

where the threat of the re-imposition of sanctions on Iran will increase. Investor appetite will be affected by that.

The Chairman: Regardless of the new President, is not the opinion in Washington and New York already that of, "We have our own oil and our own gas; why should we bother keeping vast fleets in this region?" What is the American interest in the Middle East now other than Israel, jihadism and perhaps oil market stability? Should we not redefine these purposes?

Jane Kinninmont: This is certainly a very live debate in Washington. One of the issues is that if fighting jihadism is being done partly through military means, the Gulf countries have traditionally offered a fairly convenient and low-cost base for the US military presence in the region. That is one of the factors that has sustained it. Although it probably will not remain for ever at the same large-scale level where it is now, the tendency in the past few years has been to expand, notably with the expansion of the Fifth Fleet base in Bahrain. In addition to that, the Gulf countries, especially Saudi Arabia, are very major importers of weapons, particularly from the US. Donald Trump has said before that countries should essentially pay for the security insurance that they get from the US. The Gulf countries could argue that they are already doing that through the large-scale arms contracts that they provide and through the very low-cost—in some sense free—bases that most of the smaller ones provide.

The debate in the US will also be shaped by perceptions of domestic stability in these countries. To respond to your slightly earlier question about stability in the Gulf, the dramatic changes to what the state plans to offer its citizens economically in all the Gulf countries are bound to have major political ramifications. But the provision of benefits and jobs is not the only element of the social contract. The state is packed with religious clerics in Saudi Arabia, and the state's ability to protect its citizens from security threats is also very important. Currently, the perceived failure of the Arab uprisings elsewhere in the region seems to be contributing to a sense in Saudi Arabia that although people may not be 100% satisfied with what they have, they struggle to see any convincing alternatives. We have seen a major cut in take-home pay for Saudis who work in the public sector, with almost zero protest, which is a symptom of that kind of thinking. But that will not last for ever.

The Chairman: Thank you. Can we now turn to the Iran deal? Lord Hannay.

Q43 **Lord Hannay of Chiswick:** First, how do you think the UK ought to respond if the new Trump Administration seek either to renegotiate or to renege on the Iran nuclear deal? Is it at all feasible to conceive of a situation in which all the other parties to that agreement sustain it when the Americans walk away from it: that is, a situation similar to that which existed over Cuba for many years, where nobody else applied sanctions on Cuba, Cuba managed perfectly well and the United States cut off its nose to spite its face? Is that a viable picture, or would their reneging

simply bring the whole construction crashing to the ground? How do we factor into that the Iranians' perhaps increased capacity to interfere around the region as a result of the lifting of some of the sanctions?

Jane Kinninmont: There needs to be some very detailed scenario-planning here, but to sketch it out quickly, if the US were to withdraw from the agreement alone it could seriously undermine the continuation of the agreement because of the unique power of the US in the international financial system. The major risk to the deal is already the perception in Iran that expectations of the economic dividend of the deal have been disappointed, even at a time when we have had a US Administration actively lobbying banks to ease up on lending to Iran. There is the upcoming Iranian presidential election, which may make the deal more contested inside Iran. Against that, there is a very strong international interest in sustaining the deal. There may be possibilities for alternative financing mechanisms, and Asian banks, which do less business with the US, might be more willing to be involved in trade and business with Iran, but it is very risky.

In the short term, one of the roles that the UK might be able to play is in close discussions with the US Administration about whether they do indeed wish to renege on the deal and what the alternatives are. I am not at all convinced that this is something that Donald Trump would really want to do. He was critical of the deal, but walking away from it is quite different, because now that it has been done it does not seem possible to reconstruct the international consensus that previously existed and that allowed sanctions on Iran to reach the tipping point that ultimately made the deal possible.

Ayham Kamel: It would be very difficult not to see an Iranian response if the US backed down from the agreement and tried to re-impose sanctions one way or another. There is the possibility that the Europeans, including the UK, can promote the deal and maintain key elements of it.

At least two conditions must be met. One is that the European countries actively broaden their economic and political relations with Iran and stay out of any US effort to pressure the Iranian regime. So diplomatically, politically and economically, we need to see a lot more from the major European powers, especially the UK, on that level. The second is active engagement between the UK, Asia and Russia to find alternative financing mechanisms that could help the Iranian economy. The key challenge thus far, and the key Iranian complaint about the agreement, is that banks have not been willing to engage, despite the removal of sanctions. An alternative could come through either Asian banks or Russian banks, also supported by the EU. There is the situation in which the Iranians would respond in some way by reactivating certain parts of the nuclear programme but not completely moving towards developing a nuclear weapon.

The Chairman: Baroness Hilton, this takes us on to the Gulf states and their view, and how this plays inside the region.

Q44 **Baroness Hilton of Eggardon:** The Iran nuclear deal has not been popular with our traditional allies in the Gulf states. If America withdraws from the deal, will that give them more power and in fact increase tension between us and our traditional allies in the Gulf?

Jane Kinninmont: This is a very important question. However, the Gulf countries' issues with the Iran nuclear deal have not been so much with the deal itself as with their perception that there was an unspoken price for the deal, and that the US-Iranian talks about the deal also led to the US accommodating Iran's role in Syria and Iraq, its perceived role in Yemen—as the Gulf states see it—and so forth. It is not at all clear that the Gulf countries have any more interest in seeing the deal undone than the Europeans do. Each Gulf country has taken a different position, with Oman being the most supportive of the deal, but all of them have officially said they are in favour of it.

Even unofficially, the focus seems to be much more, "Why didn't the deal include the issues that really matter to us, which are not the threat of nuclear weapons, which we do not think will be used, but Iran's interference in neighbouring states and its sponsorship of militias across the region?" One opportunity the Gulf countries could seize at this point would be to reach out to Iran and say, "We will lobby in Washington for the new Administration to uphold the deal, but we want some things from you in return". I would start to use that as a basis for negotiation to resolve some of the regional files. Any work that the UK could also do to try to resolve some of the tensions in the region would also be extremely helpful.

Ayham Kamel: There is a unique opportunity for the UK to play a very important long-term role in mediating between the Gulf countries and Iran. The key challenge in the agreement was that the GCC states were excluded from the negotiations and felt that Iran was recognised as a regional power and that its opinion and its mode of foreign policy would persist in Iraq, Syria and beyond. In that respect, that was true when the US negotiated. There is no key to stability in the Middle East without some form of engagement between the GCC and Iran. The US will find it very difficult and very challenging to play that role in the future, especially with a Trump Administration. So there is a mode in which we can see the UK both broadening co-operation with Iran on a political and economic level, and engaging and establishing the parameters of what would be the foundations of a new security architecture in the Middle East. No other power I can think of has the same extent of relations, including the deep relations it has with the Gulf states, or of history to a certain extent in Iran. So something could emerge out of that.

The Chairman: Of course the other people who hate the deal are the Israelis, or rather Mr Netanyahu. Do we have the danger of a split there if we continue to try to make the deal work until the Trump presidency comes in with more and more of a hard-line pro-Israeli position? Can we see a division opening up there?

Jane Kinninmont: The question again for Mr Netanyahu is what the alternatives to the deal were. He has said many times that he wanted a tougher deal and that this was a weak deal that let Iran get away with too much. He would probably now like to see an opportunity for the US to take a tougher line on Iran's regional activities and its conventional weapons—ballistic missiles and so forth. Even so, it is not clear that there is an interest in the deal itself collapsing. It is not clear that that would advance Israeli interests. The Israeli defence and security establishment has made it fairly clear in recent years that it is not in favour of any kind of rush to war with Iran, at least not in any conventional sense.

Ayham Kamel: I have two points on that. There was a split in the Israeli establishment between the military and the political parts on how to deal with the Iranian nuclear programme. The balance of forces would probably favour maintaining the current arrangement with Iran, particularly because it has worked. We have the benefit of observing the deal and seeing to what extent Iran was willing to comply and has been complying. I think the Israeli pressure on that front will remain contained.

Q45 **Baroness Coussins:** Should we also be taking account of any views on the deal of non-state or sub-state actors in the region?

Jane Kinninmont: Probably the most interesting one is that the deal feeds into the changing narrative of the jihadi groups. Al-Qaeda around the time of 9/11 focused primarily on opposing the West and opposing the Arab states that were allied with the West, as well as opposing Israel and championing the Palestinian cause. Today, ISIS has a lot of things in common with al-Qaeda, but it has placed a huge amount of priority on confronting Iran and seeing the Shia minority of Islam as the near enemy. That was largely shaped by the conflict in Iraq, which really influenced the formation of ISIS, but the Iran nuclear deal has fed into it. Conspiracy theories have been shared by jihadists for a long time that there was a secret US-Iranian conspiracy going on. Finding out that there had been a year of US-Iranian talks in Oman that nobody knew about seemed to validate that conspiracy theory in some people's minds. So one of the unintended consequences of this greater co-operation between Iran and the West is that it inadvertently feeds the narrative of ISIS that the Sunni world is under threat and needs someone to defend it, and that states are failing to do it and only this ISIS project can.

Ayham Kamel: Negotiations between the Iran and the West initially created a shock effect for the Gulf countries—almost a sense of panic—which pushed them towards escalating the Shia-Sunni conflict, backing groups that would undermine Iran in both Iraq and Syria. So it helped to create the atmosphere in which groups like ISIS—Islamic State—and the Nusra Front prospered. The narrative was that the Sunnis were being undermined by everyone, including the West, that they are under attack and need protection, and that they are being overtaken by Iran. It is very difficult to see that narrative changing at the moment, so I do not think renegotiating the agreement would have an impact on this. Pandora's

Box is open in terms of jihadist thought, and it is very difficult to manage that by changing the dynamics of the Iranian nuclear deal.

Lord Jopling: Could you just clarify something? One of you said earlier that there was disappointment in Iran over the way the deal is working out for them, because of the reluctance of the banks. I am probably wrong and I want you to put me right, but I understood that this was very largely because the banks were frightened that they would be transgressing United States law by promoting developments in Iran. Am I wrong in that? I thought you said that United States authorities were trying to persuade the banks to do this, but as I understood it they were frightened of being hauled up by the lawyers in Washington.

Jane Kinninmont: The concerns of banks have gone beyond the legal issues, although they are important. There has been the fear of snapback sanctions—the uncertainty about whether the deal would actually last and whether sanctions could be re-imposed.

Another concern has been about due diligence. There is legal clarity about certain groups and individuals in Iran being under specific sanctions, but the problem for businesses is how they know exactly who they are dealing with and whether they may be dealing with sanctioned individuals through companies apparently run by different individuals. Banks have tended to be fairly risk-averse over all this, to the point where Secretary Kerry has had several meetings with the financial sector, encouraging them to be more open to working with Iran, within what is legally permissible.

The Chairman: Can we move on to Brexit? Baroness Smith.

Q46 **Baroness Smith of Newnham:** This question does not naturally follow on from some of the previous questions, but nevertheless I shall ask it. Once the UK leaves the European Union, obviously one of the ideas is that somehow we can trade far more freely and that there are all sorts of opportunities for the United Kingdom—so the narrative goes. What sort of scope is there for bilateral trade deals with the Gulf states? Is that an area where you would say that the UK should be looking for deals? It has been suggested by a previous evidence-giver that we should look at what the Chinese do and go for some hard negotiating precisely because we do not really have the same sort of sense of the importance of the Gulf states for UK security that we used to have. We do not necessarily have that as the *quid pro quo*.

Jane Kinninmont: The Gulf countries are within the top 15 trading partners of the UK at the moment but still account for a pretty small percentage of trade compared with Europe. They have been a massive priority for this Government in terms of trade and defence strategy. Your previous evidence-giver's point is very interesting, but it is sharply divergent from the Government's current policy priorities. I do not think the grounds are there for a hard negotiation immediately, but it may be worth trying to consider what the long-term changes in the oil market mean for the economic potential of the Gulf countries as trading partners

in the long term, because sometimes this is overstated because of the great successes of recent years when we had the oil boom.

When it comes to trade, it is not necessary to be that hard-nosed, because the Gulf countries are not at all protectionist. They have a common external tariff barrier of 5% on most goods because they have largely focused on exporting oil. When it comes to services, the tendency in the Gulf since Saudi Arabia joined the World Trade Organization 11 years ago has also been to liberalise. There will be some good opportunities, particularly in service sector areas where the UK has specific expertise: healthcare, education, infrastructure, construction and so forth. It may be useful to view that as more of a win-win rather than looking at where we could be the toughest negotiators.

Baroness Smith of Newnham: Exporting our healthcare expertise at a time when we are a little concerned about EU nationals perhaps no longer being here to provide their expertise could be a bit of a problem.

Jane Kinninmont: Gulf countries are the most open to inward migration of anywhere in the world. The UAE and Qatar come to mind.

Baroness Smith of Newnham: Yes, but we will have a deficit.

Jane Kinninmont: I am not sure that every aspect of the UK model would be copied and pasted in that way.

Ayham Kamel: Looking at the relationship either with Iran or the GCC as a narrow trade partnership is probably not the way to go about it. The Gulf countries are currently exporting very little because their economic bases are narrow and industrial. It is more a question of where they will be in 15 to 20 years when they begin to diversify. They are not going to be particularly competitive or threatening to the UK, so an open trade relationship would be very favourable. At the same time, once you look at investment opportunities in the Gulf states as they try to rebuild their infrastructure and the foundation of their economies, I think there is a deep affinity with the UK that can be channelled in different ways, particularly at the economic level.

The last thing I would mention is that what the Gulf countries need to address or would like to see is a transactional UK. That will be the attitude of the Trump Administration: very transactional, very narrow and rather rough around the edges. The UK is uniquely positioned to offer something different, and this is an area in which it can negotiate and structure a framework for the bilateral development of relations over the next 15 years.

Lord Hannay of Chiswick: Quite a few of the things you have both said would lead one to ask, "What on earth is the gain from a formal agreement between Britain and GCC if they are open economies already and have such close links with us?" What is the gain for them, given that they export practically nothing except oil and gas, which are zero rated? Are you not left saying that this is being done for purely façade reasons

to make it look as if there is a prosperous part of the world with which we can sign an agreement, but actually it will not make much difference?

Jane Kinninmont: I do not think it is a huge priority in pure economic terms. The EU and the GCC have been trying to negotiate a trade agreement for at least 20 years, but little progress has been made. More progress might have been made if the two sides could see real, hard business wins from it. Instead, the trade agreement has stalled mainly over language about human rights. I would add that there could be some very interesting scope for the UK to make trade agreements with north African countries in a post-Brexit world. These are countries that typically have association agreements with the European Union but cannot get much further because of the agricultural protectionism of southern Europe, which the UK does not have an interest in. So there are trade opportunities in north Africa as well as the opportunity to help strengthen Tunisia and Morocco, Tunisia being the only democratic success story to come out of the Arab spring but one that faces serious threats from its economic weaknesses, while Morocco is probably the most reformist of the monarchies. Both politically and economically, there would be a case for bilateral agreements, particularly with these two countries.

The Chairman: We are moving around a vast area, but we would like your thoughts on the chaos in Syria.

Lord Purvis of Tweed: Perhaps I may ask a supplementary question on the previous point.

The Chairman: Please do.

Lord Purvis of Tweed: Given the scale of Gulf investments in London over recent years, although there seem to be indications of a slight pulling back in that area, and the management activity on Gulf wealth funds on an enormous scale, are there Brexit consequences directly affecting that which are outwith the direct trade consequences? Will they affect our economic relationship with the Gulf?

Ayham Kamel: In terms of trade and the broader relationship and Brexit, I think that Brexit has largely been a positive thing for the Gulf states, because they are looking for both a strategic relationship with the UK that is not strictly attached to human rights issues and for an economy where the pound to GCC rates or the pound to dollar rate is more favourable for asset purchases. There is a lot to be developed in this area. The broad nature of the relationship is about a lot more than just trade. The real opportunity lies in connecting or tying trade deals into investment opportunities in a way that would favour British companies and their operations in the Gulf.

Jane Kinninmont: A lot of Gulf investments in the UK are not in sectors oriented towards exports, such as real estate, infrastructure, energy and so on. Those investments hold their value, and indeed with the fall of the pound against the US dollar, to which the Gulf currencies are pegged, those kinds of investment look like better value. But of course there is

uncertainty in the Gulf, as there is everywhere else, about what Brexit will mean for the British economy more generally. There will be a perception in the Gulf that the UK needs new friends or renewed relationships with old friends more than it once did, so there will be a perception that its foreign policy will be more malleable and susceptible to influence and advice from the Gulf than it might have been before.

- Q47 **Lord Purvis of Tweed:** After that Brexit break, we can return to Syria. Jane Kinninmont, I think you said at the start that you find it hard to see where there could be common ground among the international players: Russia and the USA. If we add Iran to that mix, what kind of peace accord could be possible for Syria? I was interested to see that last week Staffan de Mistura asked the future Trump Administration to consider a greater impetus behind devolution in Syria as a potential route to try to find some common ground. Do you think there are any potentially positive sides to that, given the multiplicity now of other actors who have been emboldened in Syria over the past five years? One of our previous witnesses, Dr Mansour, said that devolution may be potentially messy and uncomfortable, as we have seen in Iraq recently, but is it a potential way forward?

Jane Kinninmont: Some kind of devolution is probably inevitable for Syria, but how conflicted and messy it will be is very uncertain. We have seen the regime compromise on giving some degree of autonomy to the Kurds that once upon a time before the uprising would have been almost unthinkable for this Arab nationalist regime. Essentially it has taken the view that the Kurds are not really siding with the opposition and that therefore it can afford to give them a measure of autonomy that it would probably not give to other groups. However, when you look at the detail, the regime has been able maintain control over for example the airport in the Kurdish area and continues to pay a lot of salaries. It has subtle ways of maintaining an economic stranglehold on the ability of the Kurdish Administration to actually provide services, so the degree of autonomy is somewhat illusory. Against that, it is hard for many observers to see how the regime could restore effective control over all its territory, so some kind of power-sharing or devolution will probably be forced upon them, but not necessarily through any negotiations or in any peaceful way. There could be years more of fighting still to come.

Ayham Kamel: Devolution could well be imposed on the Syrian regime, although its view of the world is very centralist and remains that way. Its willingness to accommodate different groups, including the Kurds, is only temporary. The view of officials remains very much one of a central state controlling resources. The long-term effect of the war will be Russian pressure on the regime to introduce some form of devolution, but we should be very careful about the degree to which we introduce that concept. Civil war cannot be resolved just by creating smaller pieces of Syria, as the problems that we see in Iraq today would just be replicated on a much larger scale in Syria.

Lastly, although there is a certain degree of devolution in certain areas of Syria, as a fact of the civil war that the regime has had to accommodate,

the centre of economic activity has shifted significantly. The regime-controlled areas are really the ones where there is trade and a semi-functioning economy. Rebel-held areas are primarily consumers of goods.

The Chairman: Lord Inglewood, would you like to come in on the Kurds?

Q48 **Lord Inglewood:** I might rather invert the question. If you are the Kurds, what is your perspective on all this? Is a degree of autonomy of the kind we have discussed going to be an acceptable result, or are they going to push for more? We talked earlier about the way in which the configurations of the pre-1914 Ottoman Empire might be coming back. That was a very fluid empire. Are we perhaps returning to that in this way as well?

Jane Kinninmont: The Kurds are quite divided on this issue. At the level of identity, there is a very strong Kurdish strength of nationalism that goes beyond state borders, but most of the political leaderships of Kurdish parties are more pragmatic than that. They do not see that a Greater Kurdistan project is attainable, even in 10 years, and their focus is on trying to have a better life—more autonomy and more rights—at least for now. The states in the region are also often somewhat pragmatic about that. So you have seen Turkey, despite its neurosis about the Kurds at home, establish a very good working relationship with the Kurdistan Regional Government in Iraq precisely because it thinks that these are pragmatists who will focus on their own autonomy and not cause trouble in Turkey. Similarly, Iran does not seem to have had a problem with the PYD⁵ in Syria gaining autonomy there, as it does not see a read-across into potential Kurdish unrest in Iran. So it is an area where pragmatism seems to have trumped ideology, for the most part. But the tensions that Turkey is facing with its own Kurdish population, and the way its policy towards Syria is changing, do show that the dynamic is quite unstable.

Lord Inglewood: If I might put this to you, are there parallels with Scotland?

Jane Kinninmont: In so far as there were definitely Scots who voted on their economic interests: those who may have thought that they would like an independent Scotland for romantic and identity-based reasons but ultimately were going to vote on their jobs. Fortunately the Scottish issue is a lot less complicated.

The Chairman: We have been wondering a bit about fragmentation in the Middle East and now fragmentation at home. Mr Kamel you are considerable authority on the Iraq scene. Are we looking for an Iraq without the Kurdish bit to it? Are we looking at a federal pattern for the future, or are we looking at the emergence, finally, of the dream of Kurdistan?

⁵ Democratic Union Party

Ayham Kamel: I very much doubt that we will see a Kurdistan in the region as a unitary state that combines the Kurdish people across the land. The Kurds are deeply divided. This is similar to the Arabs; a state like Qatar would never cede its sovereignty to a country like Saudi Arabia. In the Kurdistan region of Iraq, there is a deep split between the Kurdish powers and their strategic view on where they stand. The KDP,⁶ which has controlled the KRG, the Kurdish Regional Government, for a few years now and which has had hegemony over there, prefers to look at Turkey as its gateway towards independence. The other parties see Baghdad or the relationship with Iran as more viable against the Turks, as an ethnicity, and against Turkey and its current Government, led by President Erdogan. Given the world that we are in, it is going to be very challenging to see a Kurdish state. It is more likely that we will see a greater Kurdish autonomy inside Iraq, one that will allow them greater control of their resources, and a legitimisation of that, with the aspiration that over the long term that could translate into independence. The equation in Syria is very different. The Kurds in Syria are strictly committed to remaining within the current borders, at least in the interim. As for the Kurds in Turkey, it is very difficult to see these waves of developments on the southern border and not change your calculus and aspire towards some form of autonomy that has not been granted within Turkey itself.

The Chairman: Our time is now up. As usual, I feel there is a vast quarry of expertise that we could explore with you, but we have to move on. Thank you both very much for your considerable and informative views. It just reminds us what a big task we have ahead. Thank you very much indeed for being with us. We are most grateful to you.

⁶ Kurdistan Democratic Party