



Select Committee on International Relations

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

Wednesday 22 February 2017

2 pm

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Members present: Lord Howell of Guildford (Chairman); Baroness Coussins; Lord Hannay of Chiswick; Lord Inglewood; Lord Purvis of Tweed; Lord Reid of Cardowan.

Evidence Session No. 16

Heard in Public

Questions 183 - 189

Witness

I: Mark Fitzpatrick, Executive Director, International Institute for Strategic Studies (via videolink).

USE OF THE TRANSCRIPT

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

Examination of witness

Mark Fitzpatrick.

Q183 **The Chairman:** Mark Fitzpatrick, can you hear us here in London?

Mark Fitzpatrick: I can hear you. The quality is bad.

The Chairman: We are quite pleased with the quality. We have just been having a videoconference with Abu Dhabi, and I can tell you that was not very good compared with what we have now.

Mark Fitzpatrick: It has just improved; it is good now.

The Chairman: First, can I warmly thank you for giving us your time and enabling us to share some wisdom with you? This is the International Relations Committee of the House of Lords here in London. Our current inquiry is ambitious but also timely, in that we are trying to analyse the changes in the power structures and major forces reshaping today's Middle East in all its aspects, which are very varied and in some cases violent, and to understand the strong currents flowing as a result of policy shifts in the various capitals of the world, both east-west and north-south. You can see that it is a big canvas. We want to share with you some assessments of the changing scene, particularly as flowing at this moment from Washington, where you have a new president.

Can I begin with a fairly general question, but please answer it exactly as you wish? What we have heard from the new Administration in Washington about Iran and the Iran nuclear deal has been, frankly, fairly negative and quite puzzling. What is your assessment? Who is driving policy on Iran in the new Administration? Are we getting the right picture, particularly when one thinks that in one sense Iran is the old enemy and so on and the deal is no good, but, on the other hand, Iran is very close to Russia, and there is another story coming out of Washington that relations with Mr Putin may be improving. There are all sorts of contradictions there. Just give us an overview to begin with, if you would.

Mark Fitzpatrick: First, let me thank you for inviting me to speak. I am glad we were able to arrange this via video.

Even more so in Washington, it is very hard to understand exactly what policy is coming from the White House on Iran. The White House has been in chaos in the past couple of weeks. You ask: who is in charge of policy? I would have said it was Michael Flynn, the now departed national security adviser. He had a very strong anti-Iran animus, as was reflected in a book he co-wrote very recently. I am glad he is out because of the overriding Islamophobia he exhibited. His successor, a former colleague of mine at IISS, HR McMaster, does not have any love for Iran himself. Like many of the military officials who served in the Administration, he saw friends and soldiers under his command in Iraq killed by Iran-supplied militia forces and incendiary devices, but he is a thoughtful scholar and will weigh the facts.

During the campaign the then candidate, Donald Trump, said many things about the Iran deal. He certainly expressed a strong distaste for it; he often called it the worst deal ever made, but at times he also accepted it as a fait accompli and vowed to police it strictly. He has said he would seek to renegotiate it. You have these various views. I think the fundamental one is that he would like to renegotiate it. I do not think he would be able to because Iran is not interested in renegotiating it, and nor are the other parties to the deal. I do not think Trump is interested in ripping it up right away because people like HR McMaster and Secretary of Defense Mattis see the value of the deal in constraining Iran's nuclear programme.

What will happen in the next few months is a big question. One key turning point will be in April or May when the current waiver on sanctions that President Obama and the Secretary of State signed before they left office runs out. When this waiver comes up for renewal in either April or May—I am not sure which—I do not think the Trump Administration are going to extend it. It will then be up to Iran. If the waivers on US sanctions are no longer in place and the sanctions kick back in, how will Iran respond? Iran does not want to be the one seen as responsible for killing the deal. I do not think it will be goaded into killing it, but there will be a tit-for-tat reaction that over the next year could cast a cloud over the deal.

Q184 The Chairman: One thing that has happened very recently is Iran's decision to test a new ballistic missile, a North Korean item called Musudan, which resulted in a presidential warning putting Iran on notice of a very immediate kind, despite the fact that, as I understand it, there is no binding UN ruling or resolution forbidding ballistic missile tests of this kind. What do you think was meant by "putting Iran on notice"? What was behind that?

Mark Fitzpatrick: Nobody really knows what that means. It was a vague red line. It was interesting and ironic that President Obama's opponents criticised him for drawing a red line in Syria over chemical weapons use and now they are drawing a red line vis-à-vis Iran apparently over a missile test, but we are not quite sure. As you said, the UN Security Council resolutions call on Iran not to test or develop missiles that are inherently capable of carrying nuclear weapons. The one that they tested recently was. I do not think it was a North Korean Musudan. From the range, we can state pretty confidently that it was capable of carrying a nuclear weapon, so at least it violated the spirit and arguably the letter of the UN Security Council resolution, although you could debate that.

I think that "on notice" is to tell Iran that, if it continues testing, the United States will take some action in the form of sanctions on missile testing. "On notice" might also mean things like, "Do not harass US ships in the Gulf any more". Over the past year, Iran has several times sent small speedboats up to US vessels and harassed them. I think that if they do that again under the Trump Administration the US Navy may sink them and they will have a bit of a crisis. I hope Iran is listening to that and will be deterred from doing that. I believe the relevant partner states

should consult in advance about what policy responses would be appropriate to Iranian violations of rules, international norms and things such as missile testing—

The Chairman: I am afraid you are breaking up a bit.

Mark Fitzpatrick: Can you hear me okay now?

The Chairman: We can now. We missed the last sentence.

Mark Fitzpatrick: I think—

The Chairman: I am afraid we have lost it. Mr Fitzpatrick, we will hang up and redial, because we are very anxious to get your words on this.

I am so sorry about this, Mr Fitzpatrick. This is where connectivity is not working quite the way it should in theory. Please carry on from where you were, because what you were saying was fascinating.

Mark Fitzpatrick: Thank you. Can you hear me now okay?

The Chairman: Yes; it is all clear.

Mark Fitzpatrick: I was just saying I think it would be useful if the parties to the Iran nuclear deal consulted in advance about how to respond to Iranian transgressions, for example when Iran exceeds the amount of heavy water that is allowed. That is a minor transgression. Any response should be proportionate to that minor transgression. If Iran tests ballistic missiles, there should be some kind of response. It would be useful if the parties consulted in advance so that the United States had the good advice of its European partners not to go off the deep end, and that any new sanctions are carefully measured so they do not violate the terms of the Iran nuclear deal and, for example, deny Iran the sanctions relief that it had been promised under the deal.

The Chairman: I am sure that is wisdom and obviously requires close co-ordination between the allies and Washington. That is not proving easy at the moment.

Lord Hannay of Chiswick: Mark, perhaps I could clarify the waiver that you say will run out in April or May. If, as you suggested, the waiver runs out and is not reinstituted, does that put the United States in breach of the agreement to lift sanctions under the JCPOA, or is it something separate from that?

Mark Fitzpatrick: I think a strong case could be made that it would put the United States in breach of the JCPOA because it was obliged, under the deal, to provide for sanctions relief. It was not required to take those sanctions off the books altogether, but it was dealt with by waiving the sanctions. Therefore, if the waivers are not extended, I think Iran would charge, probably rightly so, that this was a violation.

The Chairman: Baroness Coussins would like to put a word about our own position here, which is not at all easy.

Q185 Baroness Coussins: You said earlier that you thought that, in practice, President Trump would not be able to renegotiate the deal, but if he did find ways of undermining it, or abandoning it, what would be your assessment of how sustainable that deal would be without US support, especially from a UK point of view, given we are such a strong supporter of it? How sustainable would it be without US support? Within that overarching question, would you also focus specifically on any comments you could make about the banking sector? We are aware that there is a major challenge about the banks being restricted from doing business. Therefore, in the face of US resistance to the deal, what kind of steps might the UK and other supporters of the deal be able to take?

Mark Fitzpatrick: It is a very good question. It is often said that, because this deal was one done by eight parties, one party alone, the United States, cannot kill it, but as a practical matter the most onerous sanctions that had been imposed were by the United States. Therefore, if the United States ceases to provide the sanctions relief, it would be difficult politically for Iran to sustain its commitments to the deal.

Iran will still get the sanctions relief from the European Union: oil sales, removal of the ban on using SWIFT electronic transactions and so forth. Maybe that would be enough for Iran. One measure that European states are probably considering is whether, through legislative or other means, to provide indemnity to European firms doing business with Iran, which might, because of that business, fall afoul of US secondary sanctions measures. If those European firms were indemnified for any penalty imposed by the United States, they could continue to do business with Iran, and that might be enough to sustain Iran's interest in maintaining the limits of the deal.

To make one last point about the banks, I am well aware that a few European and international banks are interested in getting back into servicing deals with Iran. It is not just because of concern over what Trump will do; it is also because of the opacity of the Iranian banking sector. The Paris-based Financial Action Task Force has advised Iran to clean up its act, for example with greater transparency about money laundering. If Iran was able to follow the recommendations of the FATF, banks would be better able to enter into business deals with it.

Lord Purvis of Tweed: Good afternoon, Mr Fitzpatrick. I want to pick up an earlier comment you made about the relationship within the non-Iranian parties if there were either minor transgressions or activities that could be perceived to be transgressions. In previous evidence to the Committee, there has been a degree of anxiety on the part of some witnesses that there may not be proportionate responses from the Trump Administration and it may escalate extremely quickly. Do you concur with that, and, going forward, will that require the parties, with the exception of the USA, to have a united position not necessarily towards Iran but the USA when it comes to this?

Mark Fitzpatrick: I agree very much with the question and the meaning behind it. I find myself as an American citizen a bit worried that the world

would be united against my country, not Iran. I still think it is Iran that is the party causing the trouble in the region in aiding Hezbollah in terrorist acts, funding rebel groups in Yemen, oppressing its own citizens, such as an 80 year-old Iranian American, Baquer Namazi, who has been in jail for a year, and conducting missile tests that scare Iran's neighbours. Iran is engaging in a lot of activity that is threatening and worrisome.

I share your concern, and the concern you will have heard from other witnesses, that the US response may well be disproportionate. I gave a talk yesterday in which I advised that, for example, the United States not impose sanctions on the Iran Revolutionary Guard Corps and not designate it as a terrorist organisation. Doing so would have the effect of scaring off all business deals with Iran because of the pervasive influence of the Iran Revolutionary Guard Corps in the Iranian economy. You cannot always be sure with whom you are dealing. In addition, it is a state organisation. Calling another state's organisation a terrorist group means you cannot deal with it any more. The IRGC is involved in so many conflicts in the region that, if there is to be any deal to end those conflicts, the IRGC has to be involved in one way or another. Further, the Iranian people feel put upon when the United States takes measures such as banning all Iranians from visiting the United States. If the United States were to go beyond that and call the IRGC terrorists, I would think this would be an excessive measure.

I would welcome concerned partners of the United States trying to counsel restraint, in the same way I tried to counsel restraint in my remarks yesterday, although I hope it does not have the impact of making the Trump White House feel that other countries are ganging up on it. We do not want to have this counterproductive sense of being a victim of foreigners.

Q186 Lord Hannay of Chiswick: I want to test your view about the alternatives for Iran if the Trump Administration do, for example, not renew the waiver. It does not seem to me—perhaps you would comment on this—that the Iranians' choices are all that plentiful. After all, if they were to choose to say that the agreement had now lapsed because it was not being applied by the United States, then, in theory, they could chuck out the IAEA and resume all the centrifuge activity, enrichment and so on. But I would have thought that to do that would be a pretty dangerous thing. Therefore, their options are probably not quite as obvious as I think you suggested in one of your earlier answers. I imagine a certain amount will depend on the outcome of the Iranian presidential election in May, but perhaps you would comment on this.

Mark Fitzpatrick: I agree entirely with what you have just said. I am sorry if I gave the impression that I thought Iran's response would be automatically to break the deal. I am just saying that, if the sanction waivers were not extended, Iran would have a legal basis for saying that the United States had broken the deal. I agree entirely that how Iran responds is very unclear. In the scenario you laid out, Iran would be foolish to expel the IAEA and resume centrifuge production and so forth, because then it would be the obvious party at fault in taking such a

massive step, even if the United States had been the one to start it by not extending the waivers. Iran is smart enough not to do that. It does not want to be goaded into being the party that is seen as carrying the blame for the breakdown of the deal. It will probably respond in other ways, maybe seizing more dual-citizen hostages, testing missiles at a more rapid pace, and probably, on the edges of the deal, proceeding faster with the development of advanced centrifuges, or exceeding the limits in a marginal way. I think this is the kind of tit-for-tat we could see.

Q187 The Chairman: To come back to your point about ganging up and the different European views, help us with one of our dilemmas. Here we are in London talking to our policymakers. It is clear that they face some tricky choices, because our close friends in the Gulf and Middle East, such as Bahrain and the Emirates, regard Iran as the enemy. Of course, the Saudi Arabians take a very poor view of Iran as well, and yet we are anxious to pursue the nuclear deal, whatever comes out of Washington. This places us in a sort of dilemma. Do you have any advice for us on how to handle this? We are helping to build a new naval base in Bahrain and yet, if you go there, you are told by the ruling authorities that the enemy is Iran. How do we play both ends against the middle?

Mark Fitzpatrick: I understand exactly the dilemma you are describing. Fortunately, in their public statements, the leaders of the Gulf Arab countries have not condemned the nuclear deal. For example, the former Saudi ambassador to the United States, Prince Turki, who is still very influential in Riyadh, said recently that the Iran deal is working and we should let it keep going. Therefore, there is a sense of acquiescence to the deal in the Gulf. What they are really worried about, if you have spoken to them, is not so much the nuclear activity that is now constrained but Iran's other activities, in the sense of wanting to be the hegemon in the region. The support that Iran gives to Shi'ite populations in Gulf states is what worries them. There has to be constant reassurance to our Gulf state partners that we are with them, and I think the United Kingdom, through its naval base, is doing that. The United States has been working to encourage the Gulf states to build up strong missile defences in response to Iranian missiles, and in other ways to try to persuade the Gulf states that we can deal with Iran and address the problems it poses without trying to undermine the security of neighbouring Gulf states.

The Chairman: We were assured by one witness before this Committee that Iran was no longer interested in exporting revolution: tones of 1789 and the French. Do you agree with that?

Mark Fitzpatrick: I generally believe that. It has been a long time since Iranian leaders talked about exporting the revolution, but what they are doing is supporting groups that in some cases are creating instability in those countries. Hezbollah is an example. In Yemen, the Houthi rebels are getting support from Iran. Yemen is a very complicated situation. I would not want to suggest that Iran started anything there, but it is taking advantage of it. Iran supports militia groups in Iraq. One the one

hand, in a way it is helpful in countering ISIS, but those militia groups are creating a dynamic in Iraq that supports a Shi'ite state, not a secular state that would encompass all the religious elements of Iraq. Therefore, as to Iran's activities in foreign states, maybe it is not exporting the revolution, but neither is it completely innocent.

The Chairman: This morning, the Committee heard evidence on Israel-Palestine and the possible impact of President Trump's new remarks and thoughts on this issue. The question that arose was whether the Israeli authorities, and even Mr Netanyahu, might be revising the Israeli view on Iran and the deal, which hitherto they have been totally opposed to. Might they now see that, if the deal goes wrong and Iran weaponises, Israel is in a worse position than before?

Mark Fitzpatrick: I agree with exactly what you said at the end. I would differentiate between the views of security specialists in Israel and Netanyahu. The security specialists and those who really know the situation well—former Mossad chiefs and other military chiefs—pretty much all recognise that this deal did Israel a service in removing the immediate threat of a nuclear-armed Iran. It does not remove it for ever. Maybe in 15 years they will have to think about it again, but for now it is a pretty good deal for Israel. I see that consistently in what former Israeli defence and intelligence officials say. Netanyahu seems to have a different view. He continues to speak negatively about the deal and that worries me.

The Chairman: Lord Hannay has some questions on the wider regional implications of what we are discussing.

Q188 **Lord Hannay of Chiswick:** As you mentioned, various constraints of the JCPOA run out between 2025 and 2030, which is not all that far away. Clearly, the thought of an unconstrained Iran in the sort of Middle East region we have now is pretty worrying to a whole range of countries, both Arab countries in the Middle East and Israel and the whole international community. What do you think about ideas, which I think you are familiar with because I was partly responsible for bringing them forward, for trying to remedy the short-term nature of the Iran deal by working to globalise and generalise some of these constraints, and thus make Iran less of a target of the constraints and perhaps more likely to agree to their continuation beyond their present life? If that could be achieved, it could be a very stabilising set of arrangements. What do you think about that? What do you think the reaction of the new Administration in Washington might be to that, which could be presented as a way of remedying some of the defects of the agreement that the President has said was the worst deal ever?

Mark Fitzpatrick: I agree with that and like your thinking on this. I agree that globalising the constraints in the JCPOA would be the best way to extend the duration of the deal. As one example, after 15 years, Iran would be legally able to produce highly enriched uranium in as great a quantity as it wanted, but there is no reason for any country to produce highly enriched uranium for any civilian purpose. They do not need it for

weapons either because there are enough weapons out there. Highly enriched uranium has had two civilian purposes: one is in the production of medical isotopes and the other is fuel for nuclear-powered submarines. For both of those, there are alternatives. Medical isotopes can be produced with low-enriched uranium and submarines can run on low-enriched uranium fuel. I think that a ban on HEU for the entire world would be a way to extend that part of the deal. There are other elements of the deal that similarly can be globalised, including the verification measures that for Iran are the most extensive ever negotiated among parties. These measures go beyond the additional protocol. I think they should be globalised; that would be a way of extending them.

Would the United States go along with such an approach? I think it is possible. For example, in 2014, the US office for naval reactors indicated that it might be possible to develop LEU for US naval propulsion reactors. They were already thinking about how to do this during the Obama Administration. The Trump Administration may be less inclined to go down this road, but you ask about something that is going to be eight to 10 years in the future. There will be a different US Administration then who may be inclined to think about that.

One other answer to the question about how to extend the deal with Iran beyond the short limits that were imposed is to think about renegotiating it in the latter years. I am worried that, if Iran has not been able to satisfy the International Atomic Energy Agency that its nuclear activities are entirely peaceful, the IAEA will not be able to provide the broader assurance under the additional protocol that all Iran's nuclear activities are peaceful. If the IAEA still has those concerns and we are getting to the point in the deal where the limits on missiles and arms transfers come off, we will be in a dangerous place. Therefore, at that point in the deal if, in eight years, Iran is still giving reasons to doubt its intentions, maybe we go back to square one and at that point try to renegotiate the deal, having given it a pretty fair shot with eight years of implementation. That is different from ripping up the deal now and trying to renegotiate it.

Lord Hannay of Chiswick: I think it is correct to say that the French have demonstrated you can power submarines with LEU, or at any rate they are in a very advanced stage of demonstrating it. The five permanent members should not have a problem about agreeing not to produce any more HEU because they have de facto been applying a moratorium anyway. Therefore, that sort of approach should not be totally objectionable to them.

Mark Fitzpatrick: The French have done that. Thank you for mentioning it. Only a couple of countries would find it objectionable. India and Pakistan still produce HEU for atomic weapons, and some countries produce HEU for submarines. Maybe the French can be the lead in this in sharing their technology.

Q189 **The Chairman:** Mr Fitzpatrick, I am going to ask you an even wider question to bring to a close our discussions and let you go, because I know you have another commitment. Here we are discussing this issue

very much in the western context, as between Washington and Europe, London and so on, and trying to get our various positions clear, not with great success. How far is this more than a western issue? Half the world's GDP is now not in the west and is shifting fast in another direction. China is a major player. Although it says it does not intervene, obviously it is very concerned. Russia is deeply involved in the area. How much are those two powers and the rest of Asia involved in trying to see that Iran plays the game as a member of the comity of nations?

Mark Fitzpatrick: That is a good place to end this discussion. There has been such a breakdown in relations between the west and Russia, particularly in the nuclear area. Former co-operation on nuclear security has broken down, but the Iran deal is the one area where Russia was a very good partner in persuading Iran to accept limits. Therefore, maintaining Russian support for the deal is important. I was in Moscow recently and found a very strong degree of support for keeping Iran a non-nuclearised country. There is something to build on there that could be useful with broader Russia-western relations.

China is a party to the JCPOA as well. China did not play a very strong role in the negotiations. It generally came along; whatever Russia would agree to, it would agree to, but it did play an important role in some of the technical aspects. The Arak reactor that would have been able to produce bombs built with plutonium every year has now been broken up and filled with concrete and a new reactor is to be built. The Chinese are taking the lead in the design of the new reactor in Arak. Therefore, the Chinese are involved in that way. Of course, their need for energy is so huge that they are vitally interested in the Middle East, and they will be playing a greater role.

Iran has the sense that if the deal breaks down it could turn eastward and have deals with China, Russia and other states that are not part of the western group of nations, but most Iranians want to be part of it and have trade with the West. They do not want to have to rely on just China. I think that having a very internationalised population in Iran helps us in trying to move ahead so we do not see a complete breakdown.

The Chairman: Was there ever a pivot away from the Middle East under President Obama, and is there now a new kind of pivot to the Middle East under President Trump, picking up new friends such as the Jordanians, the Egyptians and other countries, or is this just a media imprint upon a continuing situation of vast complexity?

Mark Fitzpatrick: The Obama Administration touted their policy as a pivot towards Asia to strengthen its ties with Asia. It never said it was a tilt away from the Middle East, but that clearly was part of the thinking. The Middle East had caused so many problems and Obama did not want to get bogged down in another war in the Middle East, which is why he handled the Syria chemical weapons issue the way he did.

As for the Trump Administration, it is too early to say. Many of the key players, such as Secretary of Defense Mattis and the new national

security adviser, HR McMaster, have direct experience in Iraq in the Middle East. They do not want to see the sacrifices that America made in Iraq thrown away by abandoning the effort to try to create a prosperous, stable Iraq. I think the United States under Trump will be engaged in the Middle East, but we just do not know because of Trump's inclination toward America first and a kind of neo-isolationism. There are still a lot of tensions in the Administration and we just do not know how they will play out.

The Chairman: Mark Fitzpatrick, you have been generous with your time. I know you have another commitment round the corner. Your comments are like the beam of a car's headlight into the fog and complexity of the present situation. You have rightly said it is very hard to tell what is going to come out next from Washington. We in Europe are developing our own views and, as you know, there is a certain amount of repositioning going on in the UK vis-à-vis our neighbours, which adds to the general feeling of uncertainty. Amid all that, your comments have been extremely helpful. We are very grateful to you, and we hope there will be further opportunities for discussing these issues with you. Thank you very much indeed.

Mark Fitzpatrick: I am very pleased to do it at any time. Thank you very much for asking me to speak to you today.