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In outlining its preferred strategy towards Iran, the United Kingdom should be clear-eyed about the realities on the ground in Tehran and the region, and about the position of the US administration. Together, these realities make the coming year considerably difficult for pursuing regional stability, avoiding shocks to the world economy, and containing Iran's nuclear programme.

- The foreseeable future is likely to be incredibly tense both for domestic politics and Tehran's relations with the West. While in 2019 many expected that Iran and the United States would avert the risk of direct military confrontation, the start of 2020 was marked by a peak in attacks, including the assassination of Islamic Revolutionary Guard Corps (IRGC) commander Qassem Soleimani and Iran's first open missile strike against bases hosting US troops in Iraq. The UK has already been caught in the crossfire of this escalation with the Iranian seizure of the UK-flagged Stena Impero tanker in 2019 following sweeping US sanctions against Iran's oil sector and the tragic killing of a British soldier in Iraq amid attacks in March between US forces and Iraqi militia groups allied with Iran. Further complicating the situation have been 'black swan' events, such as the seemingly mistaken downing of the Ukrainian passenger jet by Iran and the covid-19 outbreak, which has impacted on calculations in both Tehran and Washington.
- **Nuclear deal:** So long as the United States continues its "maximum pressure" policy, there is no indication that Iran's nuclear programme will come back into full compliance with the 2015 Joint Comprehensive Plan of Action (JCPOA). The US has all but killed it, despite the fact that it worked for everyone to reduce the risk of conflict with Iran and, if seen through, would have reduced as far as feasibly possible the risk of a nuclear-armed Iran. The concessions that the US has demanded of Iran across the board are unrealistic to such an extent that no country would accept them unless defeated in war. The outcomes from the Joint Commission meeting in February 2020 suggest there is a chance that the UK, France, and Germany will continue a diplomatic track with Iran via the Dispute Resolution Mechanism process through to November. For now, it seems that Iran is unlikely to take provocative actions on the nuclear programme so long as the political process is under way. The actual production of a nuclear weapon has come no closer as a result of Iran sloughing off nuclear restrictions it accepted in 2015. The so-called "break-out" time, however, has now shrunk due to Iran's non-compliance with the JCPOA following the US withdrawal. This has revived concern about Iranian objectives. There is no evidence, however, that Iran has an active programme to develop or produce nuclear weapons.
- **Domestic landscape:** After having absorbed the shock of US sanctions, the Iranian economy had been expected to improve in 2021. The economic situation is now likely to worsen, given the financial repercussions of covid-19, substantially lower oil prices, and an unchanged US posture on sanctions. Politically, disillusion at faltering progress towards a democratic system is even deeper now than it was in 2005. That year's presidential election ended Reformism under President Khatami and ushered in President Ahmadinejad, whose eight years in power saw relations between the UK and Iran sour considerably. The so-called "Principlists" and more hardline political factions are now tightening their grip on power. President Rouhani, who has traditionally espoused moderate centrist policies, is in his last year in office. His manoeuvring space over pursuing negotiations with the West is severely limited by opposition groups that are now on the rise. Rouhani is also looking to preserve a position of influence after his term ends. As such, he is increasingly shifting to the right and has little appetite to challenge the IRGC on both domestic and regional policies.
- **Hardline-majority parliament:** A new hardline-majority Iranian parliament will be in operation by August 2020. While the parliament has been increasingly marginalised and cannot sway

strategic decision, it can make life much harder for the Rouhani government in daily executive functions. Towards the end of 2020, Iran will enter its electoral cycle for presidential elections due in spring 2021 – where the Principlists camp expects to have advantage.

- **Mishandling following the shooting-down of the Ukrainian airliner and the covid-19 outbreak:** These have exacerbated legitimacy problems for the Iranian leadership. Nevertheless, the swift crackdown against the 2019 November protests in Iran indicates that the security apparatus is prepared to deal with any dissent that challenges the Islamic Republic in a serious way. While the immediate prospect of nationwide protests has reduced given the covid-19 pandemic, these may well reignite, with a high likelihood that they will be rapidly quashed.
- **US maximum pressure campaign:** There is little to indicate that President Trump has the willingness or bandwidth to engage in meaningful diplomacy with Iran during the US presidential election race. The proponents of the maximum pressure campaign continue to have the upper hand in advocating greater economic and political pressure to isolate, weaken, and dominate Iran. The picture may look different after November. If President Trump wins a second term, and were he to instigate a cabinet reshuffle that brought in a more moderate entourage, there may be greater willingness from the US administration to pursue the diplomatic pathways that the UK, France, and Germany have attempted to lay the groundwork for. If a Democratic president wins the election, there is a far higher chance of a diplomatic track being initiated in 2021 – however, this may not lead to a full US and Iranian return to the JCPOA. We may see US-Iran negotiations over a new agreement (with the Europeans quarterbacking the process). During the course of those talks, an interim nuclear deal could be in place with partial easing of US sanctions in return for Iran freezing or rolling back some of its current nuclear activities.
- **Regional tensions:** Despite the huge economic losses created by the US maximum pressure campaign, Iran remains a strong regional actor. As the external pressures have built against it, Tehran has doubled down on alliances with its regional networks and worked against both the US and Saudi Arabia in regional conflicts. Despite covid-19, Iran remains active in the region, seeking to cement its position in Syria, and advance its aim of restricting the US military presence inside Iraq.
- There is unlikely to be any genuine breakthrough between Iran, the United Arab Emirates, and Saudi Arabia in 2020. While the last two countries have made noticeable steps to not provoke Iran in recent months, there is no meaningful effort under way to pursue regional dialogue. Arab Gulf countries are more likely to continue to hedge their bets against perceived US unreliability (and its upcoming election) and attempt to shield themselves against mounting escalation between the US and Iran. In the course of the fight against covid-19, some Gulf Cooperation Council states have made interesting gestures to show solidarity with Iran, including Qatar, Kuwait, and the UAE. As the regional focus shifts towards managing the health crisis, this could lead to some easing of tensions. While there is lots of interest in European capitals to propose regional security dialogues, the relevant players (in particular Saudi Arabia) seem far from being able to commit to this.

RECOMMENDATIONS FOR THE UNITED KINGDOM

The UK's policies towards Iran's role in the region and the UK's broader regional alliances

- **Reduce the risk of military escalation between the US and Iran.** The UK should step up its high-level engagement with both Tehran and Washington (including Congress) to find pathways out of the current cycle. The UK's overriding objective should be to protect vital UK assets and citizens in the Middle East from being caught in a new war. The UK should engage the US administration to outline the growing risk of escalation with Iran, and the potential negative impact for US efforts in both Afghanistan and Iraq, where American and British troops are present.

- **Minimise the impact for Iraq** and the risk of greater weakening of its central government. US economic coercion and military attacks inside Iraq will undermine the UK's efforts to counter the Islamic State group (ISIS) and stabilise the country. The UK should work with its partners to push for greater diplomatic focus on ringfencing Iraq from further external pressures and supporting a strengthened Iraqi state. In doing so, the UK should clearly distinguish its policy from the US maximum pressure campaign and focus future military efforts in the region under a NATO or European umbrella.

The future of the JCPOA

- **Maintain a united front with France and Germany to preserve the negotiation track with Iran** to contain its nuclear programme and salvage the framework of the JCPOA. The JCPOA remains a major diplomatic achievement for European governments. It continues to limit Iran's nuclear activity and helps the international community keep eyes and ears on the ground. These efforts should prioritise retaining the access and oversight functions of the International Atomic Energy Agency and expanding the scope and activities of the special purpose vehicle for trade known as INSTEX. While negotiations involving both the US and Iran will be needed for an inevitable follow-up agreement to the nuclear deal, preserving the framework of the JCPOA will provide the best platform for such talks down the line, possibly after the US election in November. The UK should remain fully engaged in the JCPOA's Dispute Resolution Mechanism as the most viable diplomatic process to limit expansion of Iran's nuclear programme. In the coming months, the JCPOA parties could put in place an arrangement where Iran freezes its nuclear expansion in return for realistic piecemeal economic efforts, including the E3 increasing humanitarian trade through INSTEX, China purchasing volumes of oil, and Russia continuing civil nuclear cooperation.
- **Defuse the anticipated clash in the United Nations Security Council (UNSC)** over the lifting of the JCPOA's arms embargo against Iran, which, if mishandled, could lead to Iran withdrawing from the Non-Proliferation Treaty. The best pathway for the UK to address this issue is to allow the previous UNSC resolution to expire (to do otherwise will be a futile attempt that will be met with a Russian and/or Chinese veto), and instead work with Russia and China to agree on the terms of a new arms embargo. Having come so far in preserving the JCPOA up to the November election in the US, the UK should not risk undermining a possible political opening by initiating a major clash over the arms embargo lifting in October. This is especially so as the prohibition of arms transfer from Iran to non-state actors such as the Houthis and Hezbollah will continue to be banned by other UNSC resolutions. Moreover, given the low oil prices and US sanctions, Iran is unlikely to have the resources or channels to pay for significant weapons purchases from China or Russia.

The FCO's role in multilateral diplomacy regarding Iran, and the UK's priorities therein

- **Advance regional de-escalation**, including through greater political engagement with the UAE, Kuwait, and Oman on new measures in the region. In particular, the UK should double down on its efforts to support the political process in Yemen as an arena to cool regional tensions. The covid-19 outbreak in the Middle East and falling oil prices could also present an opportunity to distract focus away from conflicts in the region.
- **Actively pursue the long-term imperative of multilateral security cooperation in the Gulf region.** As a medium-term objective, the UK should commit itself to promoting a framework that reduces the chances of new crises in a region where the UK has invested militarily, politically, and economically. Brexit gives the UK an opportunity to carve out a distinctive role that would be

in its long-term interests. Without being beholden to Russia, China, or Iran – which have all set out proposals – the UK should develop ideas, in cooperation with any willing partners, about the progressive development by regional countries of a security architecture that can bring lasting peace to this part of the Middle East. The UK and allies failed to promote regional security architecture in 1989 (after the Iran-Iraq war), in 1991 (after the liberation of Kuwait), in 2003 after the invasion of Iraq, and most recently after the military fall of ISIS. The P5+1 talks that culminated in the JCPOA were a precedent for such endeavours – and included Iran.

Challenges of, and alternatives to, current methods of addressing bilateral disputes (past and present)

- **Stick with long-standing policy to pursue constructive bilateral relations with Iran**, despite the intense difficulty of doing so. Decades of US policy to weaken Iran and dominate its internal and external policy choices have failed; indeed, US hostility has cemented the grip of unhelpful elements, particularly in the last few years. Critical or constructive engagement by European nations since the 1990s, based on the concept that Iran has a legitimate place in the region and the hope of modifying its behaviour, has coincided with no change in Iran's internal arrangements. With some important exceptions (as in Afghanistan in the early years after 9/11 and the achievement of the JCPOA), such engagement has led to little change in Iran's external policies, with which it seeks to defend its sovereignty, welfare, and Islamic identity. But that does not mean that giving up on diplomacy with Iran would yield any dividends either in the region or in UK-Iran bilateral relations.
- If the UK wishes to advance its interests then it has no alternative basis to the hard slog of seeking mutual benefit as a basis for solutions, issue by issue. UK policy on nuclear matters and assistance to Iran with covid-19 has been helpful in promoting UK-Iran dialogue. Three further actions would contribute: settling the UK's overdue debt to Iran; fostering personal relations over a sustained period of time between British and Iranian ministers, between the Foreign Secretary and his Iranian counterpart in particular; and resolving outstanding consular cases, including detained dual-nationals inside Iran.

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